

APPENDIX A

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing post-2003 Low-Income Assistance Programs.	Rulemaking 04-01-006 (Filed January 8, 2004)
In the Matter of the Application of PACIFICORP for Approval of 2005 Low-Income Assistance Program Budgets.	Application 04-06-038 (File June 30, 2004)
In the Matter of the Application of Southwest Gas Corporation (U 905 G) for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-002 (Filed July 1, 2004)
Application of Southern California Gas Company (U 904 G) for Approval of Program Year 2005 Low-Income Assistance Programs and Funding.	Application 04-07-010 (Filed July 1, 2004)
Application of San Diego Gas & Electric Company (U 902 M) for Approval of Program Year 2005 Low-Income Assistance Programs and Funding.	Application 04-07-011 (Filed July 1, 2004)
Southern California Edison Company's (U 338-E) Application Regarding Low-Income Assistance Programs for Program Year 2005.	Application 04-07-012 (Filed July 1, 2004)
Application of Pacific Gas and Electric Company (U 39 M) for Approval Of The 2005 California Alternate Rates for Energy and Low Income Energy Efficiency Programs and Budget.	Application 04-07-013 (Filed July 1, 2004)

IN THE MATTER of the Application SIERRA PACIFIC POWER COMPANY (U 903), for an Order Approving its 2005 California Alternate Rates for Energy (CARE) and Low Income Efficiency (LIEE) Plans and Budgets.	Application 04-07-014 (Filed July 1, 2004)
In the Matter of the Application of AVISTA Corporation for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-015 (Filed July 1, 2004)
In the Matter of the Application of the SOUTHERN CALIFORNIA WATER COMPANY (U 133 W) Regarding Low Income Assistance Programs for its Bear Valley Electric Service Customers for Program Year 2005.	Application 04-07-020 (Filed July 8, 2004)
Application of ALPINE Natural Gas Operating Company No. 1 LLC in Compliance with Decision 03-12-016 (PY 2004 Low Income Energy Efficiency ("LIEE") and California Alternate Rates For Energy ("CARE") program Plans).	Application 04-07-027 (Filed July 2, 2004)
In the Matter of the Application of WEST COAST GAS COMPANY (U-910-G) For Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-050 (Filed July 29, 2004)

ENERGY DIVISION REPORT ON PROGRAM YEAR 2005 CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND LOW INCOME ENERGY EFFICIENCY (LIEE) PROGRAMS OF THE SMALL AND MULTI-JURISDICTIONAL UTILITIES

April 29, 2005

TABLE OF CONTENTS

SUMMARY OF ENERGY DIVISION'S RECOMMENDATIONS.....	2
CARE RECOMMENDATIONS	2
LIEE RECOMMENDATIONS	4
OVERALL RECOMMENDATIONS	5
INTRODUCTION	5
BACKGROUND	6
REVERSION OF STATE FUNDS	7
PURCHASE OF AVISTA	7
CARE PROGRAM.....	8
INCOME GUIDELINES AND DISCOUNT.....	8
CARE PARTICIPATION ACHIEVEMENTS AND TARGETS.....	9
<i>Alpine Participation Rates.....</i>	<i>12</i>
<i>Avista Participation Rates.....</i>	<i>13</i>
<i>PacifiCorp Participation Rates</i>	<i>14</i>
<i>Sierra Participation Rates.....</i>	<i>16</i>
<i>Bear Valley Participation Rates</i>	<i>17</i>
<i>Southwest Gas Participation Rates</i>	<i>18</i>
<i>West Coast Gas Participation Rates.....</i>	<i>19</i>
<i>Comparison of CARE Participation Proposals and Recommendations</i>	<i>20</i>
CARE OUTREACH	21
ANALYSIS OF OUTREACH BUDGETS	22
<i>Alpine Outreach.....</i>	<i>23</i>
<i>Avista Outreach.....</i>	<i>24</i>
<i>PacifiCorp Outreach</i>	<i>27</i>
<i>Sierra Pacific Outreach.....</i>	<i>28</i>
<i>Bear Valley Outreach.....</i>	<i>30</i>
<i>Southwest Gas Outreach</i>	<i>31</i>
<i>West Coast Outreach.....</i>	<i>32</i>
<i>Average Outreach Costs.....</i>	<i>33</i>
SUMMARY OF OUTREACH BUDGET RECOMMENDATIONS.....	34
PROCESSING, CERTIFICATION, VERIFICATION PROCESSING, CERTIFICATION, VERIFICATION.....	35
<i>Alpine's Processing, Certification and Verification Processes.....</i>	<i>35</i>
AVISTA'S PROCESSING, CERTIFICATION AND VERIFICATION PROCESSES	36
PACIFICORP'S PROCESSING, CERTIFICATION AND VERIFICATION PROCESSES	37
SIERRA'S PROCESSING, CERTIFICATION AND VERIFICATION PROCESSES.....	37
BEAR VALLEY'S PROCESSING, CERTIFICATION AND VERIFICATION PROCESSES.....	38
<i>Southwest Gas' Processing, Certification and Verification Processes</i>	<i>39</i>
<i>West Coast Gas' Processing, Certification and Verification Processes.....</i>	<i>39</i>
<i>Self Certification.....</i>	<i>40</i>
<i>Average Processing, Certification and Verification Costs.....</i>	<i>41</i>
CARE GENERAL EXPENDITURES	43
<i>Avista General Expenses</i>	<i>45</i>
<i>PacifiCorp General Expenses</i>	<i>45</i>
<i>Southwest Gas General Expenses.....</i>	<i>45</i>
<i>West Coast Gas General Expenses.....</i>	<i>46</i>
<i>Comparison of CARE General Expense Proposals and Recommendations.....</i>	<i>46</i>
CARE SUBSIDY	46
<i>Summary of CARE Program Budget Proposals and Recommendations</i>	<i>47</i>
LIEE PROGRAM	47

ALPINE	48
AVISTA.....	50
PACIFICORP.....	50
SIERRA	51
<i>Sierra Pacific's Heat Pump Program</i>	51
BEAR VALLEY	52
SW GAS	52
WEST COAST.....	52
LIEE GOALS	53
LIEE BUDGETS AND EXPENDITURES.....	54
PY 2005 LIEE BUDGET PROPOSALS AND RECOMMENDATIONS	62
REASONABLENESS REVIEW AND AUDIT.....	63
ACCOUNTING AND REPORTING REQUIREMENTS	64
ATTACHMENT A	67
LIST OF ACRONYMS AND DEFINITIONS	67

SUMMARY OF ENERGY DIVISION'S RECOMMENDATIONS

The following is a summary of Energy Division's recommendations for the Program Year (PY) 2005 California Alternate Rates for Energy (CARE) and Low-Income Energy Efficiency (LIEE) Programs for seven small and multi-jurisdictional utilities (SMJU), which offer these programs. Mountain Utilities is required to monitor its service area for a need for these programs, but isn't currently offering either CARE or LIEE.

CARE Recommendations

- All the SMJU penetration targets should be reassessed after the completion of the Needs Assessment Study that is currently underway.
- Alpine Natural Gas Operating Company (Alpine) should be required to investigate establishing a website for consumers who wish to contact the utility for new or existing service, which should include CARE information as well as their tariffs on line.
- Avista Utilities (Avista) should be required to establish a more detailed website for low-income customers who wish to contact the utility for CARE information via the web.
- Energy Division recommends that the Commission require Avista to add self-certification and self recertification to its processes, in an attempt to bring costs down, and more importantly, to reach those customers who do not process through DCSD.
- Avista should be required to continue to track and report the Department of Community Services Development's outreach expenditures in order to evaluate whether an in-house program would be more cost effective.
- Energy Division recommends that Bear Valley step-up its outreach program and requests their website be updated to include detailed new customer service information procedures along with a link to the CARE guidelines and forms.
- PacifiCorp should be required to increase their CARE outreach efforts and to increase their participation rate.
- Energy Division recommends the Commission require PacifiCorp to increase their efforts to reach the over 15,000 eligible CARE customers.
- PacifiCorp should be required to expand CARE Program information on its website.

- Energy Division recommends that PacifiCorp's proposed outreach budget be approved, even though it is double that of 2004's estimated expenditures, to accomplish additional outreach efforts and activities.
- Energy Division recommends that Sierra, in addition to its arrangement with DCSD, begin to mail out a self-certification application with its twice-yearly bill insert and modify its outreach materials to indicate customers can now self-certify, if the customers elect to do so.
- Energy Division recommends that Sierra's customers who are deemed a 'no-response' should be addressed with a follow-up call (s) as well as a secondary direct-mail notice from the utility.
- Energy Division recommends that the Commission require Sierra to add self-certification and self recertification to its processes, in an attempt to bring costs down, and most importantly, to reach those customers who do not process through DCSD.
- Southwest Gas Corporation (Southwest Gas) should be required to post information in Spanish on their website.
- Energy Division recommends that Southwest Gas be required to implement repeated mailings and an automated calling system for those who fail to send in their recertification forms.
- Energy Division recommends that West Coast Gas continue to promptly enroll all low-income households in their service area.
- Energy Division recommends that all SMJU be required to recertify/re-verify a CARE customer only after that customer has been on CARE for two years.
- Energy Division recommends that these utilities: Avista, Pacific Corp., and Sierra begin to allow self-certifying CARE applications, make them available to their residential customers, and process in-house those customers who choose to enroll through a direct application with the utility.

Table 1

Energy Division Participation Recommendations		
2005 Penetration Target	Projected Enrolled At 12/31/05	2005 Projected Enrollment Increase
100%	30	4
80%	1,180	103
70%	10,902	6,482
75%	1,725	359
80%	1,624	167
85%	26,617	3,177
100%	50	5

	42,128	10,301
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Summary of Energy Division Budget Recommendations					
Utility	Outreach	Processing	General	Subsidy	Total
Alpine	\$150	\$100	\$0	\$4,290	\$4,540
Avista	\$18,800	\$12,300	\$15,500	\$185,101	\$231,701
PacifiCorp	\$42,000	\$13,000	\$8,000	\$715,046	\$778,046
Sierra	\$14,000	\$10,485	\$0	\$225,935	\$250,420
BVES	\$3,000	\$0	\$0	\$154,000	\$157,000
SWG	\$77,600	\$29,600	\$17,600	\$3,756,690	\$3,881,490
WCG	\$500	\$500	\$1,000	\$6,000	\$8,000
Total	\$156,050	\$65,985	\$42,100	\$5,047,062	\$5,311,197

LIEE Recommendations

- Energy Division recommends that, unlike the large utilities, the SMJU's proposed goals for LIEE be adopted as proposed.
- Energy Division recommends that the SMJU extensive carryover balances be amortized over the ensuing years.
- While noting that some of the SMJU have limited resources, Energy Division recommends that the Commission admonish these utilities for not filing emergency applications to adjust budgets and other aspects of their LIEE program after Senate Bill 5 funds were rescinded.
- Energy Division recommends that with the finding of the reasonableness of the utilities' targets, that the utilities' PY 2005 proposed budgets be adopted. Depending on the amortization of the carryovers, the authorized levels may need some adjusting.
- The large utilities require that all LIEE participants are enrolled into CARE, if they aren't not already on the CARE rate. Any SMJU that have not implemented this policy should be required to do so.
- In R.0401-006, a measure assessment is underway and is being conducted by the four large energy utilities. Any measures added to the large utilities' programs should also be added to the SMJU programs. By the same token, any measures that are discontinued for the large energy utilities should also be discontinued for the SMJU.
- Energy Division recommends that Sierra be required to submit a report to the Commission on the results of its pilot.

Overall Recommendations

- Energy Division recommends that the CARE and LIEE budgets recommended herein be subject to reasonableness review and audit.
- Energy Division recommends that the utilities who submitted incomplete reports or didn't submit a CARE and LIEE Annual Report in 2004 be required to refile with the missing components so the Commission will have a complete record on PY 2003. In addition, Energy Division recommends that the Commission not tolerate any inconsistencies or incomplete reports this year.

INTRODUCTION

This report discusses and presents Energy Division's recommendations regarding the proposed PY 2005 CARE and LIEE Programs of Alpine Natural Gas Operating Company (Alpine) (Application (A.) 04-07-027), Avista Utilities (Avista) (A.04-07-015), PacifiCorp (PC) (A.04-06-038), Sierra Pacific Power Company (Sierra) (A.04-07-014), Bear Valley Electric Service (Bear Valley or BVES) (A.04-07-020), Southwest Gas Corporation (Southwest Gas or SWG) (A.04-07-002), and West Coast Natural Gas Company (West Coast Gas or WCG) (A.04-07-050), collectively known as the SMJU.¹

Throughout this report, Energy Division presents information and data provided by the utilities. Energy Division relied on that information and data to evaluate the utilities' proposals and to make its recommendations for the PY 2005 CARE and LIEE programs for the utilities. However, Energy Division has not reviewed that information and data for accuracy and by its reliance on that data does not imply that the utility data is accurate or should not be subject to reasonableness review and audit

Energy Division reviewed filings submitted in R.4-01-001, utility data request responses, annual reports submitted by the utilities, recent Commission decisions, utility websites and previous Energy Division reports. Whenever possible, Energy Division uses the most recent data provided by the utilities.

The data used in this report for PY 2004 was estimated by the utilities. The utilities will be submitting reports on May 2, 2005 which will include the recorded actual

expenditure data for their PY 2004 CARE and LIEE programs. Depending on the differences in the estimated and recorded data, updated information and recommendations may need to be developed.

BACKGROUND

Pursuant to D.03-12-016, the SMJU were ordered to file applications by July 1, 2004, for approval of their PY 2005 CARE and LIEE program plans, budgets and associated increases in ratepayer collections needed to fund their proposals. Pursuant to the same decision, the SMJU, in their applications, were to document their achievements and expenditures to date for each program, including updated CARE penetration rates, estimate the remaining need for LIEE services in their area, and develop CARE and LIEE program plans and associated budgets that will address that need.

Also, pursuant to D.03-12-016, Energy Division was to hold public workshops on the applications and submit its recommendations on the applications in a report no later than September 5, 2004. Comments were to be due 20 days thereafter. Energy Division found that workshops were unnecessary and was able to facilitate the data gathering to enable Energy Division to conduct its analysis without holding workshops. This report is the outcome of Energy Division's analysis. Due to staff attrition and other constraints, Energy Division is only now able to complete its analysis.

Finally, pursuant to D.03-12-016, Energy Division is required to conduct a financial and management audit of the SMJU PY 2003 and 2004 CARE and LIEE program deployment. Energy Division is to examine whether the program expenditures were reasonably incurred and booked to the appropriate accounts, examine whether they are truly incremental costs, and present recommendations on how the utilities should report and recover CARE and LIEE administrative expenditures on a more consistent basis in the future. Energy Division's report, on the results of its examination of PY 2003 and 2004, were due by August 1, 2004 and August 1, 2005, respectively.

Due to staffing constraints, Energy Division has been unable to conduct the financial and managerial audit of the SMJU's 2003 and 2004 CARE and LIEE programs.

¹ Attachment A to this report is a list of all acronyms used in this report and their definitions.

Energy Division is unable to recommend a new due date as resources are still constrained.

Energy Division is currently conducting a Needs Assessment Study, pursuant to D.03-01-020 and the Assigned Commissioner's Ruling, dated May 5, 2004 in R.04-01-006. Part of the scope of that project is for the consultant to review the demographics of the SMJU and develop an updated estimate of CARE and LIEE eligible for each utility.

REVERSION OF STATE FUNDS

By Senate Bill 5 from the first extraordinary session of 2001 (SB 5), state funds were provided to supplement ratepayer funds for both CARE and LIEE for both the four large energy utilities and the SMJU. The CARE and LIEE program budgets for the SMJU, adopted in D.03-03-007, were comprised of both ratepayer and SB 5 funds. In early 2004, all unspent SB 5 funds, with the exception of a portion of Sierra's for its geothermal project, were rescinded in accordance with the 2004 State Budget Bill.² For the purposes of this report, in most cases, Energy Division does not differentiate between ratepayer or SB 5-funded components of PY 2003 CARE.

PURCHASE OF AVISTA

The Commission, in D.05-03-010, dated March 17, 2005, authorized the acquisition of Avista's California gas facilities by Southwest Gas. The Commission indicated that upon consummation of the transaction, Southwest is authorized to substitute its Tariff Rules Nos. 1 through 22 in lieu of Avista's Rules Nos. 1 through 21, retaining the Preliminary Statements and Rate Schedules in the existing Avista tariffs.

Southwest and Avista are to notify the Director of the Commission's Energy Division, in writing, of the transfer of ownership, within 30 days of the date of transfer. The transfer took place on April 28, 2005. Pursuant to the transfer, Avista's customers will now be served by Southwest Gas.

For the time being, Southwest Gas intends to continue the current program structure of Avista's CARE and LIEE programs. When current program contracts expire, Southwest may integrate Avista's current CARE or LIEE or both into Southwest's current programs.

CARE PROGRAM

This section discusses the SMJU's proposed PY 2005 CARE penetration benchmarks, enrollment targets, activities, administrative budgets and the subsidies/discounts provided to participating customers, as presented in the SMJU's applications, various reports and utility data responses.

Income Guidelines and Discount

The CARE discount provided to SMJU customers is 20% off the total gas and/or electric bill, which is the same for the four large energy utilities. Income guidelines for the SMJU are also currently the same as for the large utilities. This was not always the case. The following table presents the current income guidelines.

Table 2

CARE Income Guidelines for June 1, 2004 through May 31, 2005	
<i>Household Size</i>	<i>CARE & LIEE</i>
1 - 2	\$23,400
3	\$27,500
4	\$33,100
5	\$38,700
6	\$44,300
<i>Each Additional</i>	<i>\$ 5,600</i>

Income guidelines for the next year, beginning on June 1, 2005 were recently distributed to the utilities. The following income limits are effective from June 1, 2005, to May 31, 2006.

Table 3

CARE Income Guidelines for June 1, 2005 through May 31, 2006	
<i>Household Size</i>	<i>CARE & LIEE</i>
1 - 2	\$24,200
3	\$28,400
4	\$34,200
5	\$40,000
6	\$45,800
<i>Each Additional</i>	<i>\$ 5,800</i>

Energy Division presents these guidelines for comparison with household and family information obtained from Census 2000 that is discussed later in this report.

² Item 9660-45-Reversion –Public Utilities Commission of the 2004 Budget Bill (Senate Bill 1095 and Assembly Bill 1200, introduced January 9, 2004.

CARE Participation Achievements and Targets

According to information from the 2000 census, approximately 24.29% of households in California have income less than \$24,999 per year. Families are even harder hit, with roughly 29.96% of families in California having income of less than \$34,999 per year.³

The following tables depict the number of residential customers, relative to their eligible CARE populations, served by each of the SMJU. For those utilities that Energy Division has data on permanent or year-round residents from the utilities, Energy Division presents those figures in the following table.

Table 4

Utility Estimated 2004 CARE Eligible Rates					
Utility	Total Residential Customers	Total Primary/ Year-Round Residential Customers	Utility Estimated CARE Eligible at 12/31/03	% of Total Residential Customers	% of Primary Residential Customers Eligible for CARE
Alpine (1)	700	700	23	3.3%	3.3%
Avista	17,041	11,076	1,175	6.9%	10.6%
BVES	22,461	6,241	2,030	9.0%	32.5%
PC	33,857	33,857	15,574	46.0%	46.0%
Sierra	39,000	17,500	2,300	5.9%	13.1%
SWG (2)	130,795	118,952	31,314	22.8%	23.9%
WCG	1,230	1,230	40	3.3%	3.3%
Total	245,084	189,556	52,456		

(1) Energy Division was unable to locate information submitted by the utility to the Commission on the total residential customers that could be eligible for CARE. Energy Division uses total residential customers as a proxy.

(2) Energy Division uses the most recent estimate contained in SWG's Annual CARE report, submitted in August of 2004, wherein they estimate 31,314 are eligible. From information in the same report, Energy Division calculated the primary full-time as 118,952 (Southern California of 110, 043 (30,922/.281) plus Northern California of 8,909 (392/.044); note that the Southern California component is slightly more than the primary and secondary residential customers combined for that area as shown in the report).

As shown in the table above, it appears that Bear Valley and PacifiCorp have low-income concentrations higher than the statewide data presented before this table. It appears that Alpine, Sierra and West Coast Gas have low-income populations significantly less than the statewide data.

Energy Division notes that the SMJU's unique features, including that their service areas contain just a small segment of California's population, may cause their CARE

³ See US Census Bureau website at http://factfinder.census.gov/servlet/QTTable?_bm=y&-geo_id=050000US06003&-qr_name=DEC_2000_SF3_U_DP3&-ds_name=DEC_2000_SF3_U&-lang=en&-redoLog=false&-sse=on&-CONTEXT=qt.

eligible rates to vary significantly from the statewide characteristics. Only the low-income population in Southwest Gas' service areas, relative to their total residential customers, appears to be in-line with the statewide characteristics. This may be due to the fact that Southwest Gas serves the largest number of residential customers of all the SMJU.

Even amongst themselves, these utilities vary not only in the number of customers they serve, but also in many other ways. Some of the most notable differences include wide variances in the size of the service areas, non-contiguous service areas, widely varying demographics, and stand-alone small utilities with limited resources versus large multi-jurisdictional utility companies that may have more resources at their disposal.

In addition, some of these utilities only recently began offering CARE programs, and due to limited resources, may not have used sophisticated techniques to estimate their CARE eligibility and don't have historical participation data to draw from. Further, CARE eligibility figures for all the SMJU are subject to update pending the results of the Needs Assessment Study ordered in D.03-01-020 and Assigned Commissioner Wood's Ruling, dated May 5, 2004.

In D.02-07-033, the Commission ordered an overall CARE participation goal of 100%, while acknowledging that it may not be possible to achieve 100% participation right away. In recognition of that, the Commission set benchmark penetration levels for each utility to achieve over the subsequent years. In D.03-03-007, the Commission set the most recent benchmarks for the SMJU. Energy Division recommends that the Commission set higher benchmarks for the SMJU for 2005 and continue to require aggressive outreach and recertification efforts, with the caveat that each utilities' eligible population, benchmarks and budgets may need adjusting depending on the results of the Needs Assessment Study.

The following table shows comparisons between actual enrollment, and that ordered as targets by the Commission, in D.03-03-007, for PY 2003 and PY 2004. In addition, the table presents the utilities' proposed enrollment targets for 2005, and, based on the utilities' proposed enrollment target for 2005, the incremental increases to

CARE program enrollment that would occur if the utilities' proposed target is adopted and achieved.

Table 5

CARE Enrollment Compared with CPUC Prescribed Enrollment Targets for PY 2003 – PY2004									
Utility	Utility Estimated Eligible Population 1/1/04	Addition to Enrolled in 2003	Enrolled at 12/31/03	2003 Target Per CPUC (1)	Utility Estimated Addition to Enrolled for 2004	Utility Estimated Enrolled at 12/31/04	2004 Target Per CPUC (1)	Utility Proposed Addition to Enrolled for 2005	Utility Estimated Enrolled at 12/31/05
Alpine	23	N/A	23	22	4	26	33	4	30
Avista	1,175	267	942	846	135	1,077	1,027	39	1,116
PC	15,574	1,049	3,336	8,556	1,083	4,419	9,982	1,581	6,000
Sierra	2,300	74	1,108	1,840	175	1,283	2,070	83	1,366
BVES	2,030	(31)	1,569	1,522	(145)	1,455	1,726	105	1,560
SWG (2)	31,314	403	21,634	22,936	1,806	23,440	23,440	1,760	25,200
WCG	40	27	40	20	4	45	25	0	44
Totals	50,426	1,789	28,561	35,742	3,062	31,745	38,303	3,751	35,316

(1) Pursuant to D.03-03-007, see p.43.

(2) The participation rates for Southwest Gas differ than those presented by the utility because of the difference in estimating the eligible population.

As shown in the tables, some of the utilities met or exceeded their Commission ordered targets for 2003, namely Alpine, Avista and West Coast Gas. For 2004, only Avista and West Coast Gas exceeded their targets, while Southwest Gas estimates that it met its target. However, three of the utilities, Bear Valley, Sierra and PacifiCorp failed significantly in meeting their targets. Two of these utilities only permit enrollment through income-verification through DCSD. For 2005, Alpine, PacifiCorp, Sierra, and Bear Valley all request an enrollment target that is lower than those adopted for 2004.

The following table shows comparisons between actual participation rates, and those ordered as benchmarks by the Commission in D.03-03-007 for PY 2003 and PY 2004. In addition, this table also shows the utilities' proposed benchmarks for 2005, and, based on the utilities' proposed benchmark for 2005, the incremental increases to CARE program enrollment that would occur if the utilities' proposed benchmark is adopted and achieved.

Table 6

Historical and Proposed Penetration Rates Compared with Commission Benchmarks (1)							
Utility	Utility Estimated Eligible Population at 1/1/04	D.03-03-007 Ordered Target for 2003	Percentage Enrolled at 12/31/03	D.03-03-007 Ordered Target for 2004	Estimated Enrolled at 12/31/04	Utility Proposed Target for 2005	2005 Utility Proposed Addition to Enrolled
Alpine	23	100%	100%	100%	100%	100%	4
Avista	1,175	70%	80%	85%	92%	95%	39
PC	15,574	60%	21%	70%	28%	39%	1,581
Sierra	2,300	80%	48%	90%	56%	59%	83
BVES	2,030	75%	77%	85%	72%	77%	105
SWG	31,314	91%	69%	93%	75%	80%	1,760
WCG	40	100%	100%	100%	100%	100%	(1)
Totals	50,426						3,751

(1) Because Energy Division used the most recent utility estimate of eligible, the penetration rates in the table may be different than those in the utilities' applications.

Based on the information provided by the utilities, assuming their estimates of their eligible are correct, as shown in the tables above, it appears that Alpine, Avista and West Coast Gas are doing an excellent job of locating, enrolling and recertifying their CARE-eligible customers. Bear Valley and Southwest Gas also appear to be doing a reasonable job.⁴ However, it appears that either the estimate of the eligible are overstated, or PacifiCorp and Sierra need to step-up their outreach and enrollment practices to increase their penetration rates.

Alpine Participation Rates

With the smallest number of residential customers of all the SMJU, Alpine provides natural gas to approximately 700 customers throughout Calaveras County, specifically the subdivisions of La Contenta, Hogan Dam Estates and Rancho Calaveras.

Alpine explains that because it serves a resort area, with a large ski resort in its area, that most of its customers reflect higher incomes than the norm; and therefore, their estimated CARE-eligible population is lower than most utilities. Alpine points out that many of the workers at the ski resort and the summer employees in its service area reside in employee housing and are not customers of Alpine.

⁴ The penetration rates for the Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company range from 73-86%. See the Rapid Deployment Reports on PY 2004 submitted by these utilities, dated February 22, 2005.

Energy Division was not able to locate where, if any, Alpine has provided the number of its residential customers that are permanent or year-round and could be eligible for CARE. Energy Division was able to obtain 2000 census data on Calaveras county as a whole, wherein there are 16,449 households.⁵ Of those households, 4,817, or 29%, have income less than \$24,999 per year. Calaveras families, as with the state statistics, are worse off, with 33% or 3,890 having income less than \$34,999 per year. However, Alpine estimates only 3.3% of its residential customers are eligible for CARE.

Additional information would need to be obtained from Alpine to refine these countywide results and make them specifically applicable to Alpine. Energy Division requests that the Commission require Alpine to provide Energy Division with its customers by Census block, or if that information is not obtainable, its customers by zip code. Obtaining that information will assist Energy Division in analyzing Alpine's estimated eligible.

As mandated by the Commission, Alpine reiterates its commitment to promptly enroll new and current customers, provide CARE information to all its customers, and continue to update its tariffs in a timely fashion to comply with the Commission's requirements. Alpine states it should be able to achieve their new target of a total of 30 enrolled in CARE by the end of 2005, with reasonable costs and expenditures.

Alpine does not expect to attain the 2004 target of 33 customers as ordered by the Commission in D.03-03-007. Alpine points out that this original target served as an approximation since Alpine's program had been in existence for less than two years and historical data on the income levels of their customers was limited. Alpine estimates that its low-income customer base should continue to increase in 2005, increasing the number of CARE-eligible customers to 30.

Until Energy Division can refine the estimated eligible, or the results of the Needs Assessment Study become available, Energy Division recommends that Alpine's CARE penetration Benchmark and enrollment target be approved, on an interim basis.

Avista Participation Rates

Avista provides gas service to approximately 17,041 residential customers in its South Lake Tahoe service area. In its July 30, 2004 CARE Annual Report, Avista

⁵ See US Census Bureau website.

estimated that approximately 35% of their connections are for seasonal or secondary homes which are not eligible for CARE, leaving approximately 11,076 permanent residential customers.

Avista states that it enrolled an additional 267 customers for a total of 942 CARE participants in 2003, exceeding its Commission authorized target by nearly 11%. Avista also reports that it also surpassed its 2004 enrollment target of 1,027 with 1,077 enrolled customers. Avista proposes a PY 2005 minimum penetration target of 95% or 1,116 CARE customers, estimating that it will add 39 more customers to its CARE program in 2005.⁶

In reviewing its July 30, 2004 CARE Annual Report, Energy Division noted that Avista reported that poverty statistics in the Lake Tahoe area indicated that the eligibility rate is about 55% of the statewide norm. Applying 55% to the 2003 statistics cited earlier in this report would result in 13.35%-16.47% of the year-round residents being eligible or from 1,480-1,825 customers.⁷

Energy Division recommends that Avista's estimated eligible population be adjusted upwards in the interim until the results of the Needs Assessment Study are available. Energy Division recommends that at least the low end of the range be used to estimate Avista's CARE eligible customers, or 1,480, in the interim, and that based on that level of eligible, an 80% benchmark rate, with 1,180 as the enrollment target, be adopted. This means that Avista would need to increase enrollment by a net of 103.⁸

PacifiCorp Participation Rates

PacifiCorp provides electric service to approximately 33,857 full-time residential customers, in the counties of Siskiyou, Modoc, Del Norte, Trinity and Shasta, of which PacifiCorp estimates that 15,574 or 46% are CARE-eligible. The utility estimates that it will enroll additional 1,581 new CARE customers in 2005. PacifiCorp indicates that its service area doesn't overlap with other utilities. PacifiCorp began implementing CARE in 1989.

⁶ See Avista's January 12, 2005 Amended Application, p.10, wherein Avista notes that its CARE enrollment at 12-31-04 was 1,077, its estimated addition in 2005 to CARE enrollment of 39 to reach its proposed target penetration rate of 95%. This would result in an estimated eligible population of 1,175 ($1,077 + 39 = 1,116$ and $1,116 / .95 = 1,175$).

⁷ For households with incomes of less than \$24,999, 1,480 would be eligible ($11,076 * .2429 * .55$). For families with income of less than \$34,999, 1,825 would be eligible ($11,076 * .2996 * .55$).

⁸ Net additions to enrollment are the gross additions less those customers who leave the CARE rate.

Energy Division obtained 2000 Census data for the counties PacifiCorp serves.⁹ The following table displays the estimated low-income households and families in the counties that PacifiCorp serves.

Table 7

Estimated Low-Income by County			
County	Type (1)	Number	Percent of Total
Del Norte	Households	4,075	44%
	Families	3,051	48%
Modoc	Households	1,683	45%
	Families	1,231	48%
Shasta	Households	23,289	37%
	Families	18,534	42%
Siskiyou	Households	8,228	44%
	Families	5,834	47%
Trinity	Households	2,486	45%
	Families	1,856	51%
Total Households		96,837	

(1) Households with income less than \$24,999 and families with income less than \$34,999.

Thirty-one percent of PacifiCorp's CARE customers reside in Del Norte County.¹⁰ While the total number of households from the Census data exceeds those in PacifiCorp's service area, it appears that PacifiCorp's estimate of its eligible is similar to the countywide data, and without any information to the contrary, should be relied on in the interim until the Needs Assessment Study is complete.

PacifiCorp has done a dismal job of reaching its eligible population and increasing enrollment. Due to the rural and diverse nature of PacifiCorp's territory and their high volume of low-income customers, Energy Division feels it is imperative that PacifiCorp exceed their proposed 2005 penetration benchmark of 39% or a target of 6,000 enrolled. To meet this benchmark and target, PacifiCorp would need to enroll a net of 1,581 new CARE-eligible.

Energy Division recommends the Commission require PacifiCorp to increase their efforts to reach the over 15,000 eligible CARE customers. Energy Division recommends that a benchmark of 70% with a target of 10,902 enrolled be set for PacifiCorp for 2005. To meet this benchmark and target means that PacifiCorp would need to enroll a net 6,482 CARE-eligible customers in 2005.

⁹ See US Census Bureau website.

¹⁰ See PacifiCorp's CARE Annual Report, dated July 30, 2004.

Sierra Participation Rates

Sierra provides electric service to approximately 39,000 residential in California's Nevada, Placer, Sierra, Plumas, Mono, Alpine and El Dorado counties, with 80% of their customers located within the western portions of the Lake Tahoe Basin. Southwest Gas and Avista provide natural gas service within Sierra Pacific's service territory. Sierra points out that the largest population center is in the City of South Lake Tahoe and most of their customers are located at elevations of over 6000.' Sierra indicates that approximately half of the residential homes are non-qualified second homes or vacation rentals. Sierra notes that they have been offering CARE to its customers since 1989.

Sierra believes that their estimated CARE-eligible may be overstated, as an explanation for why their penetration rates aren't increasing. Without the results from the Needs Assessment Study, it is difficult to ascertain whether or not Sierra is correct.

Based on information that Sierra provided, it estimates only 13.1% of its residential customers are CARE-eligible. Energy Division also pulled Census 2000 data at the county level for the counties that Sierra serves. However, as with the data for PacifiCorp serve, these counties contain a much larger number of households than Sierra serves and the poverty status at the county level are much greater than Sierra estimated for its area.

Table 8

Estimated Low-Income by County			
County	Type (1)	Number	Percent of Total
Alpine	Households	143	29%
	Families	97	32%
El Dorado	Households	12,181	20%
	Families	10,368	23%
Mono	Households	1,227	24%
	Families	1,027	32%
Nevada	Households	8,984	24%
	Families	7,612	29%
Placer	Households	16,284	17%
	Families	13,369	20%
Plumas	Households	3,220	36%
	Families	2,255	37%
Sierra	Households	507	33%
	Families	383	39%
Total Households		205,663	

Additional information would need to be obtained from Sierra to refine these countywide results and make them specifically applicable to Sierra. Energy Division requests that the Commission require Sierra to provide Energy Division with its customers by Census block, or if that information is not obtainable, its customers by zip code. That information that will assist Energy Division in analyzing Sierra's estimating eligible.

Sierra states that it does not expect to reach its 2004 authorized target of 2,070 customers. Their estimated CARE customer enrollment for 2004 is 1,283, which is well below their authorized target. For 2005, the utility projects that 1,366 customers will be participating, for a benchmark rate of only 59%.

Until Energy Division can refine the estimated eligible, or the results of the Needs Assessment Study become available, Energy Division recommends that Sierra's CARE penetration benchmark and enrollment target be approved, on an interim basis until the report on the Needs Assessment Study is complete. However, Energy Division finds the utility's recommendation for penetration and enrollment unreasonable. A total enrollment of 1,725 (359 additional CARE customers) is deemed a favorable target for the company, which would boost their participation rate to 75% ($1,725/2,300$), until refinements can be made to the estimate of their CARE-eligible.

Bear Valley Participation Rates

Bear Valley is owned and operated by Southern California Water Company and provides electric service to approximately 22,461 residential customers in the Big Bear Lake resort area of the San Bernardino mountains. Of its residential customers, Bear Valley reports that approximately two-thirds are vacation and seasonal homes while the remaining one-third, or roughly 6,241 customers are full-time residents. Bear Valley estimates that approximately 2,030, or 32.5% of its full-time customers are CARE-eligible.

In the amendment to their Application, submitted on January 12, 2005, Bear Valley indicates that they reviewed data from Census 2000 for the three zip codes in their service area, and they now estimate that only 27% of their full-time residential customers qualify for CARE. However, they note that they haven't adopted that level, awaiting the results of the Needs Assessment Study. Utilizing this estimate would result

in only 1,685 customers that would be income-eligible for CARE. If Bear Valley were correct, that would mean that the estimated penetration rate at December 31, 2004 would be 86%.

In its CARE Annual Report Revision, submitted on March 1, 2005, Bear Valley indicates that 1,506 customers were participating in CARE in July-August of 2003. Bear Valley has not made any significant progress since then in enrolling new CARE customers. In fact, Bear Valley has lost 176 CARE customers since December 31, 2002.

Bear Valley estimates that their expected enrollment for December 31, 2004, is 1,455, though the authorized target is 1,726. Bear Valley estimates CARE enrollment will reach 1,560 customers in PY 2005, which is only an increase of 104, while they have lost 176 customers to their current enrollment over the last two years.

Bear Valley's proposed addition for 2005 does not meet the Commission's intent of moving penetration to 100%. Whether Bear Valley's CARE-eligible population is 1,685 or 2,030, their proposed increase to enrollment for 2005 is unreasonable. Bear Valley needs to make a concerted effort to increase their amount of eligible and participating CARE customers. Energy Division advocates for the Commission to set at least an 79% penetration rate benchmark for 2005, which would add back the 176 customers and reach a total or target enrollment of 1,600 CARE customers. If Bear Valley's new estimate of eligible is correct, they would achieve a benchmark of 98%.

Southwest Gas Participation Rates

Southwest Gas provides natural gas service to approximately 118,952 permanent/year-round residential customers in the high desert and mountain areas of San Bernadino County and in the Lake Tahoe area in Placer, El Dorado and Nevada counties, with approximately 24% of those eligible for CARE. As noted above, Southwest Gas' estimate of CARE-eligible appears consistent with the statewide norm.

Southwest Gas indicates that most of their CARE-eligible reside in the southern California area. Southwest Gas points out that approximately 83% of their CARE participants are located within the Victorville district of Southwest Gas' southern service area, while another 9% reside in Barstow. Together, Victorville and Barstow account for 91% of all SWG' CARE customers.

Table 9

Comparison of Southwest Gas Service Areas					
Region	Total Full-Time Customers	CARE Eligible	Percent Eligible	Participants at 4/30/04	Participation Rate
Southern Service Area	110,043	30,922	28.1%	23,114	75%
Northern Service Area	8,909	392	1.9%	396	100%
Total (*)	118,952	31,314		23,510	75%

(*) Energy Division calculated the full-time customers from information in Southwest Gas' Care Annual Report submitted on July 31, 2004. Energy Division notes that for the southern region, this method yields a higher amount of primary customers than the SWG estimate of the primary and secondary customers for that area.

As of June 2004, Southwest Gas states CARE enrollment has reached 24,162 customers, which exceeds its Commission authorized PY 2004 penetration target of 23,440. Southwest Gas estimates 1,760 additional CARE enrollments for PY 2005 to reach 25,200 participants with an 80% participation rate.

Southwest Gas alleges that reaching the remaining CARE-eligible customers will be difficult as it continues to strive towards 100% penetration. Southwest Gas points out that its success is due to a large low-income population that is receptive to the CARE program. The four large energy have achieved similar results, with penetration rates ranging from 73-86% at the end of 2004 as shown in the following table.

Table 10

Large Energy Utility Penetration Rates	
Utility	CARE Participation at December 31, 2004 (1)
Pacific Gas and Electric Company	76%
San Diego Gas & Electric Company	73%
Southern California Edison Company	86%
Southern California Gas Company	77%

(1) As reported in the utilities' February 22, 2005 Rapid Deployment Reports on Program Year 2004.

Energy Division proposes that the Commission adopt an 85% benchmark for Southwest Gas' 2005 penetration with a target of 26,617 enrolled. With the current program's high success rate, it seems that Southwest Gas would be able to attain a further increase in enrollment.

West Coast Gas Participation Rates

West Coast Gas serves the former Mather Airfield base in Sacramento County and Castle Air Force Base in Merced County. West Coast Gas indicates that most of their residential housing is single family homes, less than two-years old, with most of the housing being owner-occupied.

The total number of CARE program participants, as of January 1, 2002, was 13, and as of December 31, 2004, the number of enrolled customers is estimated at 45, an increase of more than 300%. As of June 30, 2004, the total number of CARE participants was 49. The Commission adopted a CARE penetration rate target for PY 2003 of 12, and for PY 2004 the target was 25. West Coast Gas proposes that its target enrolled for 2005 should be 44, which would actually result in a net decrease in enrolled for the year.

Information would need to be obtained from West Coast Gas to evaluate West Coast Gas' estimate of CARE eligible. Energy Division requests that the Commission require West Coast Gas to provide Energy Division with its customers by Census block, or if that information is not obtainable, than customers by zip code. That information that will assist Energy Division in analyzing West Coast Gas' estimated eligible.

Until Energy Division can refine the estimated eligible, or the results of the Needs Assessment Study become available, Energy Division recommends that West Coast Gas' CARE penetration benchmark and enrollment target be approved, on an interim basis until the report on the Needs Assessment Study is complete.

Energy Division compliments West Coast Gas on their efforts to increase the amount of CARE customers with such a small budget, small staff, and great efforts. Until Energy Division can refine the estimated eligible or the Needs Assessment Study is complete, Energy Division recommends that West Coast Gas' benchmark continue to be set at 100% and that the Commission set a target enrolled of 50 for 2005, a net increase of 5 from their estimated participants at December 31, 2004. In addition, Energy Division recommends that West Coast Gas continue to promptly enroll all low-income households in their service area.

Comparison of CARE Participation Proposals and Recommendations

The following table compares the utilities' proposed penetration targets and targeted enrollment increases with Energy Division's recommendations for PY 2005 CARE penetration rates for each utility and the incremental increase of new participants required in order to meet the recommended targets.

Table 11

CARE Penetration Targets								
Utility	Commission Authorized		Utility Proposed			Energy Division Recommendations		
	D.03-03-007 2004 Target	D.03-03-007 2004 Projected Enrolled	2005 Target	Utility Proposed Enrollment At 12/31/05	2005 Utility Proposed Addition to Enrolled	2005 Penetration Target	Projected Enrolled At 12/31/05	2005 Projected Enrollment Increase
ALPINE	100%	33	100%	30	4	100%	30	4
Avista	85%	1,027	95%	1,116	39	80%	1,180	103
PC	70%	9,982	39%	6,000	1,581	70%	10,902	6,482
Sierra	90%	2,070	59%	1,366	83	75%	1,725	359
BVES	85%	1,726	77%	1,560	1	80%	1,624	167
SWG	93%	23,440	80%	25,200	1,760	85%	26,617	3,177
WCG	100%	25	100%	44	0	100%	50	5
TOTAL		38,303		35,316	3,468		42,128	10,301

CARE Outreach

The following table identifies the SMJU' reported projected spending levels for 2004, and proposed CARE outreach budgets for PY 2005.

Table 12

Actual & Proposed CARE Outreach Expenditures							
Utility	2003 Authorized Budget⁽¹⁾	2003 Actual	2004 Authorized Budget⁽¹⁾	Estimated Expense At 12/31/04	2005 Utility Proposed Budget	Increase (Decrease) In 2005 Proposed Budget Over 2004 Expected	Increase (Decrease) In 2005 Proposed Budget Over 2004 Authorized
Alpine	\$709	\$50	\$709	\$50	\$100	\$50	(\$609)
Avista	\$28,800	\$17,438	\$28,800	\$3,930	\$18,800	\$14,870	(\$10,000)
PC	\$43,500	\$55,927	\$43,500	\$21,000	\$42,000	\$21,000	(\$1,500)
Sierra	\$19,378	\$21,888	\$19,378	\$10,284	\$10,593	\$309	(\$8,785)
BVES	\$51,550	\$11,401	\$51,550	\$1,000	\$1,500	\$500	(\$50,050)
SWG	\$132,714	\$85,908	\$132,714	\$97,714	\$77,600	(\$20,114)	(\$55,114)
WCG	\$0	\$575	\$0	\$375	\$500	\$125	\$500
TOTAL	\$276,651	\$193,187	\$276,651	\$134,353	\$151,093	\$16,740	(\$125,558)

(1) Authorized in D.03-03-007, Ordering Paragraph 4.

As shown in the table above, most of the utilities are requesting a budget that exceeds their estimated expenditures in 2004 and most are less than the budgets established for PY 2004 by the Commission.

The following table shows actual and proposed spending levels for outreach as reported by the utilities, along with the number of new CARE participants based on the utilities' proposed yearly increases, if their benchmarks are authorized and achieved.

Table 13

Outreach Compared With Utility Proposed CARE Additions							
Utility Actual & Proposed Total CARE Outreach Funding				Utility Estimated and Proposed Additions to CARE Enrollment			Estimated Primary Residential Customers
Utility	2003 Actual	2004 Expected	2005 Proposed	2003	2004	2005	
Alpine (1)	\$50	\$50	\$100	x	4	4	700
Avista	\$438	\$3,930	\$18,800	267	135	39	11,076
PC	\$55,927	\$21,000	\$42,000	1,049	1,083	1,581	33,857
Sierra	\$21,888	\$10,284	\$10,593	74	175	83	17,500
BVES	\$1,401	\$1,000	\$1,500	1,569	72	105	6,241
SWG	\$85,908	\$97,714	\$77,600	403	1,806	1,760	118,952
WCG	\$575	\$375	\$500	27	6	0	1,230
TOTAL	\$276,651	\$134,353	\$151,093		5,285	3,468	189,556

(1) Energy Division used Alpine's total residential customers. The number of primary or full-time residential customers was not provided by Alpine.

Southwest Gas partnered with Avista, Bear Valley, Sierra and Southern California Edison to promote the CARE programs on the distribution bags used by the food banks in Placer, Nevada, and San Bernardino counties. Southwest Gas also partnered with Southern California Edison and Bear Valley to distribute napkins to meal programs website with CARE information. Energy Division believes these coordinated efforts are worthwhile and should continue whenever possible.

Another joint effort that is worth mentioning, is data sharing. For instance, Southwest Gas and Southern California Edison share CARE enrollment data, which is a type of automatic enrollment. CARE customers of only one utility in overlapping service areas are then sent enrollment information by the other utility. This is another outreach tactic that can greatly benefit all utilities with overlapping service areas.

Analysis of Outreach Budgets

In evaluating and making recommendations on the utilities' outreach budgets, Energy Division considered various approaches, and data from the tables above, to determine if the budgets appear reasonable and sufficient or if adjustments should be made.

One approach evaluated the utilities' penetration achievements. For those who meet or exceed their Commission targeted benchmarks, there is some assurance that utility isn't conducting inadequate or inappropriate outreach. Energy Division also considered the residential population the utility needs to outreach to, considering such

factors as the costs per residential customer outreached to compared to that per-household/customer cost to other years for the same utility and even across the other utilities.

When looking at those costs per customer to compare with other years for the same utility, Energy Division considered factors such as enrollment achievements and the total number of customers, whether any new, innovative or experimental outreach methodologies was employed in any of the subject years. In comparing these average costs per residential customer across utilities, additional aspects were factored in, such as efficiencies that may be achieved by outreaching to a larger base, the depth and breadth of types of outreach conducted by each utility, and the effectiveness or achievements.

Finally, Energy Division also considered the average cost of outreach for each newly enrolled CARE customer across recent years for each utility, and across the utilities. In conducting this analysis, Energy Division took into consideration similar aspects as those considered when looking at the average cost per residential customer.

Alpine Outreach

The following table depicts Alpine's actual and proposed CARE outreach expenditures and the number of additional enrollees necessary to reach Energy Division's recommended participation rates.

Table 14

Alpine CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Utility Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
700	23	\$50	N/A	\$50	4	\$100	4	4

In looking at the reasonableness of estimated outreach costs, among other things, Energy Division choose to look at the average outreach costs per the newly enrolled and per residential customer. This allows a comparison of the cost to enroll a new customer or to outreach to each residential customer. The following table presents the results of calculating the average costs to outreach.

Table 15

Alpine Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	N/A	\$12.50	\$25.00
Per Total Residential	0.07	\$0.07	\$0.14

Alpine is the smallest of the SMJU and is significantly smaller than all but one of the other SMJU. Alpine initiated its CARE program in 2001. Alpine's current outreach consists of printing and mailing applications and bill inserts.

Energy Division sees the value of establishing a website for consumers who wish to contact the utility for new or existing service with easy, accessible CARE and LIEE information, forms and referral numbers. We request Alpine pursue this issue and review the costs of establishing a website.

Energy Division finds Alpine should be able to achieve their outreach target with reasonable costs and expenditures, due to its small service territory and limited number of customers. Energy Division recommends that Alpine be required to continue to monitor low-income customer growth within its area to ensure new eligible customers are immediately enrolled in the CARE program. Alpine should be able to achieve their targets with reasonable costs and expenditures, and therefore, Energy Division recommends approval of Alpine's proposed CARE outreach budget, with an increase of \$50 to explore establishing a website.

Avista Outreach

The following tables depict Avista's actual and proposed CARE outreach expenditures and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with the average outreach costs.

Table 16

Avista CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
11,076	1,175	\$17,438	267	\$3,930	135	\$18,800	39	103

Table 17

Avista Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$65.31	\$29.11	\$482.05
Per Total Residential	\$1.57	\$0.35	\$1.69

While Avista deployed various outreach strategies in the past, Avista chose direct customer contact as their preferred method. Avista currently has two CARE bill inserts, one in June, after the annual update to income guidelines and one in October at the onset of their cold weather season. The company has quarterly CARE information messages printed on the face of its bills. They have an “on-hold” phone message to customers about CARE and they also sends out flyers with past-due notices.

Avista has an enhanced billing system that assists Call Center Reps with CARE promotion to new customers, creates queries and CARE status reports for outreach personnel and facilitates a data exchange with Sierra Pacific for enrolling shared customers into CARE. In addition, Avista contracts with the El Dorado Community Services to conduct certification. This agency also conducts outreach, including the distribution of CARE applications and brochures at their agency and hands out door hangers in targeted low-income areas.

Avista’s website is **not** California resident friendly or low-income customer friendly.¹¹ The low-income consumer would be hard pressed to find California CARE information, much less the referral number to DCSD, which serves to process and certify new CARE enrollees for Avista. The CARE information is listed on the website under ‘Current Natural Gas Tariffs/Rate Schedules/ Prices.’ The CARE forms are available by doing a ‘search’ for CARE in the utility’s website search field. The 2004 forms have the correct income guidelines and are available in English and Spanish, though it is possible to mistakenly retrieve older CARE forms and documents.

In other states, Avista has a **CARES** program, which provides *economic assistance in paying bills* for Avista’s low-income customers in other states. The **CARES** program is vastly different than California’s CARE program. Energy Division

recommends that Avista's website clearly state the differences from the two programs to avoid confusion.

Clearly, all Avista's California customers would benefit from an updated web-site. Energy Division advises that Avista be required to update their website to become more consumer friendly for all their California customers.

The company's meter-readers distributed CARE information as well as separate CARE recertification guidelines printed on 'door hangers,' which in Energy Division's opinion, was one of the most innovative uses of resources to distribute CARE information.

Pursuant to D.03-03-007, Avista is required to track and report DCSD outreach expenditures in order to evaluate whether an in-house program would be more cost effective. Energy Division recommends that the Commission continue to require Avista to track and report these expenditures separately.

Energy Division recommends that Avista increase CARE enrollment in 2005 by adding at least a net 103 new eligible CARE customers.

Energy Division believes that not all of Avista's CARE-eligible will apply for DCSD's programs. That leaves many deserving and vulnerable low-income households with no help or assistance of any kind in managing their energy costs. Energy Division recommends that in addition to conducting its processing, certifying and verification efforts through DCSD, that Avista begin to mail out a self-certification application with its twice-yearly bill insert and modify its outreach materials to indicate customers can now self-certify, if customers elect to do so.

Energy Division notes that with the reduction in outreach in 2004, net adds to enrollment fell off. Energy Division believes that with a requirement that Avista improves its website and that they step-up outreach efforts to increase participation with a self-certification effort warrant the utilities' proposed budget amount. Energy Division believes that Avista can accomplish Energy Division's recommended increase to their

¹¹ Avista's website also has a "Conservation Programs & Rebates" section which does NOT link to any of the California Energy Efficiency Programs. Energy Division recommends that Avista also list a link to California's rebate programs.

outreach effort within Avista's recommended budget, which is substantially higher than the costs they incurred in 2004.

PacifiCorp Outreach

The following tables depict PacifiCorp's actual and proposed CARE outreach expenditures, and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with the average costs for conducting outreach.

Table 18

PacifiCorp CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
33,857	15,574	\$55,927	1,049	\$21,000	1,083	\$42,000	1,581	6,482

Table 19

PacifiCorp Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$53.31	\$19.39	\$26.56
Per Total Residential	\$1.65	\$0.62	\$1.24

The utility states that it increased outreach activities in 2003 and 2004 and will continue in 2005 with bill inserts, flyers, napkins and grocery bags at local agency offices, a direct mail solicitation, along with radio and newspaper advertisements. PacifiCorp indicates that it intends to increase their outreach significantly in 2005 in an effort to increase penetration. CARE applicants are income-certified by DCSD.

The Commission ordered penetration benchmark of 70%, with a target enrollment of 9,982, established for PacifiCorp in D.03-03-007, was not met for PY 2004. PacifiCorp expects to increase 2005 CARE enrollment by 1,581 with a budget of \$42,000, which is slightly less than their 2003 outreach costs, although PacifiCorp was able to achieve a similar increase in enrollment in 2004, compared with 2003, with less money.

PacifiCorp's website gives complete CARE information in English and Spanish though the site can be difficult to navigate. The information is readily available under community services under low-income assistance.

While PacifiCorp reports a steady increase in participation levels, Energy Division is concerned that PacifiCorp's proposed benchmark and target means over half of its CARE eligible customers will still not be enrolled by the end of 2005. Due to the rural and diverse nature of PacifiCorp's territory and their high volume of low-income customers, Energy Division feels it is imperative that PacifiCorp expand their outreach programs.

As with Avista, Energy Division believes that not all of PacifiCorp's CARE-eligible will apply for DCSD's programs. That leaves many deserving and vulnerable low-income households with no help or assistance of any kind in managing their energy costs. Energy Division recommends that in addition to conducting its processing, certifying and verification efforts through DCSD, that PacifiCorp begin to mail out a self-certification application with its twice-yearly bill insert and modify its outreach materials to indicate customers can now self-certify, if customers elect to do so.

PacifiCorp needs to substantially increase the amount of eligible, participating CARE customers and therefore, Energy Division endorses the higher amount of outreach monies proposed by the utility to perform this task with an average outreach cost of \$1.24 spread across the potentially CARE-eligible residential base. Energy Division recommends that PacifiCorp's proposed outreach budget be approved, even though it is double that of 2004's estimated expenditures, to accomplish these additional outreach efforts and activities.

Sierra Pacific Outreach

The following tables depict Sierra's actual and proposed CARE outreach expenditures, and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with their average costs of conducting outreach.

Table 20

Sierra CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs⁽¹⁾	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
17,500	2,300	\$21,888	74	\$10,284	175	\$10,593	83	359

(1) Includes \$17,322 funded by SBX1 5 Funds

Table 21

Sierra Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$296.00	\$58.77	\$127.62
Per Total Residential	\$1.25	\$0.58	\$0.61

Sierra uses twice-yearly billing inserts, in English and Spanish, recently developed direct postcard mailings to permanent residential customers, quarterly CARE messages printed on front-facing residential bills, and poster/flyers in high-traffic low-income community facilities to increase CARE participation. Sierra has developed a customer friendly website that is exceedingly easy to use and research customer information.

The 2004 average Outreach cost was \$58.72 per newly-enrolled customer. Energy Division finds the utility's recommendation unreasonable at \$127.62 per newly enrolled customer without a substantial increase in CARE customers.

As with Avista and PacifiCorp, Energy Division recommends that Sierra, in addition to its arrangement with DCSD, begin to mail out a self-certification application with its twice-yearly bill insert and modify its outreach materials to indicate customers can now self-certify, if they elect to do so. Energy Division recommends that \$3,000 be added to Sierra's outreach budget, for a total budget of \$14,000 to accomplish these activities in 2005.

Bear Valley Outreach

The following tables depict Bear Valley's actual and proposed CARE outreach expenditures, and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with their average costs of conducting outreach.

Table 22

Bear Valley CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
6,241	2,030	\$11,401	(31)	\$1,000	(145)	\$1,500	105	145

Table 23

Bear Valley Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	N/A	N/A	\$10.34
Per Total Residential	\$1.83	\$0.16	\$0.24

Bear Valley asserts that the most cost-effective outreach method in their service area is through bill inserts and direct mailers. Bear Valley's website is customer friendly and provides easy access to the CARE forms and information though it is not available in the "New Service" section of the website. The "News" section has several CARE articles.

Energy Division recommends that Bear Valley step-up its outreach program and requests their website be updated to include detailed new customer service information procedures along with a link to the CARE guidelines and forms.

Due to their large service area, many methods of outreach may prove too costly, though Energy Division finds that Bear Valley meter readers could leave CARE information door hangers. In addition, Energy Division recommends that Bear Valley update their web-site for new service customers and to include CARE information and that Bear Valley try other methods of outreach that may prove effective. Energy Division recommends an increase of \$1,500 in their proposed budget for a total of \$3,000 for outreach in 2005, in order that Bear Valley may step up their outreach.

Southwest Gas Outreach

The following tables depict Southwest Gas' actual and proposed CARE outreach expenditures, and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with their average costs of conducting outreach.

Table 24

Southwest Gas CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
118,952	31,314	\$85,908	403	\$97,714	1,806	\$77,600	1,760	3,177

Table 25

Southwest Gas Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$213.17	\$54.11	\$44.09
Per Total Residential	\$0.72	\$0.82	\$0.65

Southwest Gas' outreach activities include enrollment incentives with several CBO agencies (capitation), targeted mailing, media, bill inserts, and joint utility data sharing.

As mentioned earlier, Southwest Gas has joined with other California utilities to cooperatively administer and market the CARE and LIEE programs statewide. Southwest Gas distributes brochures, door hangers, application inserts, and posters in both English and in Spanish. Southwest Gas is unique in that it airs radio spots advertising the low-income programs as well as Movie Theater on-screen ads.

Southwest Gas and Southern California Edison electronically share each utility's list of CARE customers. Through this process, Southwest Gas identified approximately 10,000 customers that may qualify for CARE, who were sent CARE applications in both English and Spanish. Southwest's website has complete CARE information and it is extremely easy to access; though CARE information is not available in Spanish. Southwest Gas added a tracking code to its application forms to track where completed application forms come from.

Energy Division commends Southwest Gas for their excellent use of resources to increase enrollment. Southwest Gas' website has complete CARE information and it is extremely easy to access. Energy Division does have one recommendation for improving Southwest Gas' outreach, that their CARE information on their website also be provided in Spanish.

Southwest Gas' proposed budget of \$77,600 appears reasonable given the large and diverse base of residential customers in two distinct and separate service areas, for an average cost per permanent residential customer of only \$.65 per household.

West Coast Outreach

The following tables depict West Coast Gas' actual and proposed CARE outreach expenditures, and the number of additional enrollees necessary to reach Energy Division's recommended participation rates, along with their average cost data.

Table 26

West Coast Gas CARE Outreach Expenditures								
Estimated 2004 Residential Customers	Utility Estimated Eligible At 1/1/04	2003 Costs	2003 Addition to Enrolled	2004 Estimated Outreach Costs	2004 Addition to Enrolled	2005 Utility Proposed Outreach Costs	2005 Utility Proposed Addition to Enrolled	Energy Division 2005 Recommended Increase to Enrollment
1230	40	\$575	27	\$375	4	\$500	(1)	5

The following table presents the results of calculating the average cost to outreach a residential customer.

Table 27

West Coast Gas Average Outreach Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$21.29	\$93.75	\$500.00
Per Total Residential	.47	\$0.31	\$0.41

West Coast Gas states it believes it has provided every CARE-eligible customer adequate opportunity to enroll in CARE through its outreach activities. West Coast Gas indicates that all customers are approached with CARE information at the inception of moving to the limited housing. West Coast Gas' CARE outreach program primarily consists of direct customer contact at the time of new service application. Also, the utility prints CARE information quarterly on their bills and has CARE information included on its "on-hold" message for customers.

Currently West Coast Gas proposes a 41-cent per potentially CARE-eligible customer for outreach. Energy Division recommends West Coast Gas continue with their outreach programs by handing out CARE/LIEE information to their new incoming customers as well as sending out quarterly notices to all their customers. . West Coast Gas' telephone outreach center addresses each of their 1,500 customer's concerns when they call for account information.

A re-certification follow-up program for those customers who drop-off the CARE program should be enacted, if WCG has not already done so. Such a program could include special mailings to those customers as well as direct phone calls to the customer. Energy Division recommends that West Coast Gas' outreach budget be adopted for 2005.

Average Outreach Costs

In reviewing the average cost of enrolling each new customer into CARE, it appears that the costs can vary tremendously, and for some of the utilities, it can be fairly expensive. Utilities should use these average costs as a tool to measure whether or not their current outreach methodologies are adequate or if other methods should be evaluated to acquire new enrollees at a lower cost. The following table reflects the average CARE outreach costs for each SMJU on newly enrolled basis, based on the SMJU's proposed budgets and proposed number of additions to CARE enrollment::

Table 28

Utility Average CARE Outreach Costs Per Newly Enrolled			
UTILITY	Average 2003 Outreach Costs	Average 2004 Outreach Costs	PY 2005 Estimated Outreach Costs
Alpine	N/A	\$12.50	\$25.00
Avista (*)	\$65.31	\$29.11	\$482.50
PacifiCorp (*)	\$53.31	\$19.39	\$26.56
Sierra (*)	\$296.00	\$58.77	\$127.62
BVES	\$11.90	\$12.34	\$10.34
SWG	\$213.17	\$54.11	\$44.10
WCG	\$21.30	\$93.75	\$500.00

(*) Use DCSD to outreach and certify new enrollment.

An additional tool is to look at the average costs of performing outreach to the base residential customers, the potentially CARE-eligible pool. With the exception of Southwest Gas who performs outreach in two separate service areas, it appears that the

most expensive outreach on a per residential customer basis is performed for those utilities who contract with DCSD for their outreach, processing and certification services.

The following table shows the average outreach costs per permanent resident, based on the SMJU's proposed budgets and estimated permanent residential customers:

Table 29

Utility Average CARE Outreach Costs Per Permanent Resident			
UTILITY	Average 2003 Outreach Costs	Average 2004 Outreach Costs	PY 2005 Estimated Outreach Costs
Alpine	\$0.07	\$0.07	\$0.14
Avista (*)	\$1.57	\$0.35	\$1.69
PacifiCorp (*)	\$1.65	\$0.62	\$1.24
Sierra (*)	\$1.25	\$0.58	\$0.61
BVES	\$1.83	\$0.16	\$0.24
SWG	\$0.72	\$0.82	\$0.65
WCG	\$0.47	\$0.31	\$0.41

(*) Use DCSD to outreach and certify new enrollment.

Requiring self-certification for at least some of their customers may non-substantially increase outreach costs but it should make it easier for the low-income households to enroll households that don't utilize the services offered by DCSD and it should significantly boost enrollment as word gets out

Summary of Outreach Budget Recommendations

The following table summarizes Energy Division's recommended funding levels for outreach in PY 2005 versus those of the utilities.

Table 30

PY 2005 CARE Outreach Budget							
		Utility Proposals			Energy Division Recommendations		
Utility	2004 Authorized Budget	Outreach Budget	2005 Enrollment Target	2005 CARE Additions	Outreach Budget	12/31/05 Enrollment Target	2005 CARE Additions
Alpine	\$709	\$100	30	4	\$150	30	4
Avista	\$28,800	\$18,800	1,116	39	\$18,800	1,180	103
PC	\$43,500	\$42,000	6,000	1,581	\$42,000	10,902	6,482
Sierra	\$19,378	\$10,593	1,366	83	\$14,000	1,725	359
BVES	\$51,550	\$1,500	1,560	104	\$3,000	1600	145
SWG	\$132,714	\$77,600	25,200	1,760	\$77,600	26,617	3,177
WCG	\$0	\$500	44	(1)	\$500	50	5
Total	\$276,651	\$151,093	35,316	3,467	156,050	42,128	10,301

Processing, Certification, Verification Processing, Certification, Verification

Energy Division looked at the processing, certification/verification costs and budgets in much the same manner as the outreach costs. The following table shows processing, certification and verification costs as proposed by the utilities.

Table 31

CARE Processing, Certification and Verification Expenditures							
Utility	D.03-03-007 2003 Authorized Budget	2003 Actual	2004 Authorized Budget	2004 Utility Expected	2005 Utility Proposed Budget	Increase (Decrease) In 2005 Proposed Budget Over 2004 Authorized	Increase (Decrease) In 2005 Proposed Budget Over 2004 Expected
Alpine	\$1,579	\$50	\$1,579	\$50	\$100	(\$1,479)	\$50
Avista (1)	\$11,800	\$6,865	\$11,800	\$11,800	\$11,800	\$0	\$0
PC (1)	\$32,500	\$9,642	\$32,500	\$12,000	\$12,000	(\$20,500)	(\$20,500)
Sierra (1)	\$7,446	\$7,509	\$7,446	\$9,694	\$9,985	\$2,539	\$291
BVES (2)	\$850	\$0	\$850	\$0	\$0	(\$850)	\$0
SWG	\$20,402	\$20,688	\$20,402	\$20,402	\$29,600	\$9,198	\$9,198
WCG	\$1,500	\$650	\$1,500	\$457	\$1,000	(\$500)	\$543
TOTAL		\$45,404	76,077	54,403	64,485	(\$11,592)	(\$10,418)

(1) DCSD performs CARE processing, certification and verification processes for these utilities.

(2) Bear Valley estimates that it incurs approximately \$5,000 on these activities but funds them out of base rates.

One of the two largest challenges faced by utilities with CARE is finding and signing up eligible CARE customers. The second is to retain every CARE-eligible household during the re-certification process that takes place every two years for each CARE customer.¹²

Alpine's Processing, Certification and Verification Processes

Alpine previously contracted with DCSD to perform its CARE processing, certification and verification processes. Alpine now performs its processing, certifying, and recertification in-house and their costs are exceedingly low. Due to its extremely small size, Alpine is exempt from conducting random post-enrollment verifications.¹³

¹² Some of the utilities choose to perform recertification on their customers annually instead of biennially.

¹³ See D.03-03-007, Ordering Paragraph 1.(b).

Table 32

Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	N/A	\$12.50	\$25.00
Per Total Enrolled	\$2.13	\$1.92	\$3.33

Energy Division approves the utility's budget recommendation. With a small amount of CARE customers, the utility has proven it can handle the processing, certification and re-certification efficiently and within a reasonable budget.

Avista's Processing, Certification and Verification Processes

To implement its CARE program, Avista currently refers customers to the DCSD and uses DCSD to determine customer eligibility, process applications and to re-certify customers within Avista's California service territory. Avista contracted with the Tahoe Branch of the County of El Dorado Community Service for certification and enrollment. The utility hired a part-time staff member to serve as the liaison between the utility, the CBO and the CARE customers.

Avista implemented a computer data query in 2003 and searched for customers who had dropped off CARE. The utility called all the CARE "drops," who were identified by the system audit. The utility trained its call centers to answer questions on re-certification. Avista indicated that the customers that were identified were contacted and many reapplied. Avista found that some had moved out of the area. It isn't clear if Avista plans to do this query in 2005.

The table below shows Avista's costs for conducting its processing, certification and verification.

Table 33

Avista's Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$25.71	\$87.41	\$302.56
Per Total Residential	\$7.29	\$10.96	\$10.57

As noted in the outreach section, Energy Division recommends that the Commission require Avista to add self-certification and self recertification to its processes, in an attempt to bring costs down, and more importantly, to reach those

customers who do not process through DCSD. Avista itself notes that its current approach works well for its CARE customers, but that Avista is concerned that their approach may not attract all of the CARE-eligible who might want to participate.¹⁴ Energy Division recommends that \$500 be added to Avista's Processing, Certification and Verification Processes to accommodate self-certification.

PacifiCorp's Processing, Certification and Verification Processes

CARE applications are certified through DCSD and sent to PacifiCorp on a weekly basis. The CBOs, under contract with DCSD, help customers fill out the CARE application when they are filling out a Low Income Home Energy Assistance Program (LIHEAP) application.¹⁵ It isn't clear from PacifiCorp's submittals if PacifiCorp has implemented a re-certification effort and requires their CARE customers to recertify after participating in its CARE program for two years, as required by the Commission.¹⁶

Table 34

PacifiCorp's Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$9.19	\$11.08	\$7.59
Per Total Enrollment	\$2.89	\$2.72	\$2.00

As noted in the outreach section, and as with Avista, Energy Division recommends that the Commission require PacifiCorp to add self-certification and self recertification to its processes, in an attempt to bring costs down, and most importantly, to reach those customers who do not process through DCSD. Energy Division also recommends that PacifiCorp add a recertification program, if it hasn't already done so. Energy Division recommends that \$1,000 be added to PacifiCorp's Processing, Certification and Verification Processes to accommodate self-certification. Energy Division recommends a larger amount for PacifiCorp due to the larger size of its eligible population.

Sierra's Processing, Certification and Verification Processes

In its CARE Annual Report to the Commission, on the period May 1, 2002 through April 30, 2003, Sierra reports it entered into a full service contract with DCSD. DCSD's

¹⁴ See Avista's CARE Annual Report, dated July 30, 2003, p. 6.

¹⁵ LIHEAP is a federally funded home energy assistance program that is similar to LIEE. LIHEAP is administered by DCSD.

responsibilities include assessing eligibility of CARE applicants and conducting recertification efforts annually. DCSD verifies CARE potential enrollee qualifications and answers customers' concerns and questions on CARE from incoming telephone calls. DCSD's number is provided on the mailings.

Sierra reports an initial decrease occurred during DCSD's first recertification review. According to Sierra, the most common reasons a CARE customer was removed from the program during the recertification process were non-responses, incomplete applications or the customer exceeded income requirements.

The following table shows Sierra's average costs of performing the processing, certification and verification efforts.

Table 35

Sierra's Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$101.47	\$55.39	\$120.30
Per Total Residential	\$6.78	\$7.56	\$7.31

Energy Division recommends that customers who are deemed a 'no-response' should be addressed with a follow-up call (s) as well as a secondary direct-mail notice from the utility. As noted in the outreach section, and with Avista and PacifiCorp, Energy Division recommends that the Commission require Sierra to add self-certification and self recertification to its processes, in an attempt to bring costs down, and most importantly, to reach those customers who do not process through DCSD. Energy Division recommends that \$500 be added to the budget for Sierra's Processing, Certification and Verification Processes to accommodate self-certification.

Bear Valley's Processing, Certification and Verification Processes

Processing, certification and verification is handled in-house by Bear Valley staff. There were approximately 532 applications received during Bear Valley's last report period and 389 were approved.¹⁷ Energy Division recommends a follow-up program to re-verify qualification for the applications that were rejected.

¹⁶ See D.03-03-007, Ordering Paragraph 1.(a).

¹⁷ For the period July 1, 2003 through June 30, 2004, as reported in their CARE Annual Report submitted on October 20, 2004 and revised on March 1, 2005.

Bear Valley estimates that approximately \$5,000 is incurred for processing, certification, and verification costs, but is recovered in base rates. Bear Valley doesn't request any surcharge funds be allocated for these functions.

Southwest Gas' Processing, Certification and Verification Processes

Southwest Gas processes CARE applications and performs certification and verification in-house. For certification, Southwest reviews applications for completeness, conformance with income parameters, and compares the information with their customer service systems' customers of record. For verification, Southwest Gas reviews the application for income eligibility, requests for proof of eligibility, performs repeated contacts for additional information and conducts random sampling for income documentation. Southwest Gas recertifies each CARE customer biennially.

The following table shows the average costs for Southwest Gas to perform these functions.

Table 36

Southwest Gas' Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$51.39	\$11.30	\$16.82
Per Total Enrollment	\$0.96	\$0.87	\$1.17

As shown in the table, and compared with other utilities' average costs, Southwest Gas' budget is reasonable, especially considering they serve two distinct and separate service areas. Energy Division recommends approval of Southwest Gas' budget. In addition, Energy Division recommends that Southwest Gas be required to implement repeated mailings and an automated calling system for those who fail to send in their recertification forms.

West Coast Gas' Processing, Certification and Verification Processes

West Coast Gas also performs all processing, certification and verification in-house. West Coast Gas states it has a single, direct customer contact to certify and recertify its CARE customers. West Coast Gas is exempt from performing random post-enrollment verification.¹⁸

¹⁸ See D.03-03-007, OP 1.(b).

Table 37

West Coast Gas' Average Processing, Certification and Verification Costs			
	2003	2004	2005 Utility Proposed Costs
Per Additions to Enrollment	\$24.07	\$114.25	\$1000.00
Per Total Enrollment	\$16.25	\$10.16	\$22.73

On average, West Coast Gas has the highest average costs of all the utilities, including those who contract with DCSD. In the last two years, West Coast Gas did not near incur the amount it is requesting in its budget for 2005. The utility closest in size to West Coast Gas is Alpine, although Alpine has half the number of residential and CARE customers as West Coast Gas. Similarly, Alpine is also exempt from performing the random post-enrollment process.

Energy Division recommends that a CARE Processing, Certification and Verification budget for West Coast Gas for 2005 be adopted of \$500. Energy Division recommends that West Coast Gas be required to implement a recertification follow-up program for those customers who drop-off CARE, if it hasn't already done so. Such a program could include special direct mailings as well as direct phone calls to the customer.

Self Certification

Pursuant to D.99-07-016, utilities are not permitted to verify the income of every CARE customer. Rather, Commission policy demands that customers be allowed to self-certify that they qualify for CARE. This not only simplifies enrollment procedures for the low-income customers, but reduces otherwise expensive processing costs associated with verifying the income status of each CARE customer.

Several of the SMJU, namely Avista, PacifiCorp and Sierra, contract with various organizations for their CARE enrollment and these agencies certify that the household is income-qualified for CARE. Energy Division was to look at these costs in their audit of the SMJU, as required by D.03-12-016. As stated earlier in the report, Energy Division has been unable to perform this extensive audit. However, in the interim until the audit can be completed, Energy Division recommends that these utilities be required to print up self-certifying CARE applications, make them available to their residential customers, and process in-house those customers who choose to enroll through a direct application

with the utility. This could be handled in lieu of or in tandem with the certification/verification services provided through contractual/leveraging arrangements through DCSD.

Under this scenario, the utility may also need to develop a re-certification effort and conduct it at the end of each CARE customers' second year of enrollment or provide that the contractual agency contact these customers and help those customers to perform a self-certification recertification.

Another scenario to achieve leveraging is through the use of capitation contracts, as is being used by Southwest Gas and the large energy utilities.¹⁹ However, without the income verification segment that is achieved through DCSD, those utilities who elect to use capitation rather than a full-service contract with DCSD, those utilities would need to implement a random post-enrollment verification process.

If a CARE customer is income-certified through the utilities' contractual arrangement with an outside organization, that should count as that customer's being certified for the next two-years. For the Automatic Enrollment program for the four large energy utilities, the Commission determined that

[W]hether enrolled through traditional or automatic means, CARE customers will receive the CARE discount for two years, and may recertify through either new or continued participation in our partner agency programs or through the utility's automatic two-year recertification process.²⁰

In addition to its other recommendations for processing, certification and verification, Energy Division recommends that all SMJU be required to recertify/re-verify a CARE customer only after that customer has been on CARE for two years. This will reduce the expense of conducting such certifications annually and possibly reduce unnecessary turnover.

Average Processing, Certification and Verification Costs

In reviewing the average cost of processing, certifying and verifying each CARE customer, similar to what was found for outreach, it appears that these costs can vary tremendously, and for some of the utilities, it can be fairly expensive. Utilities should use

¹⁹ Capitation is where a utility enters into a contract with an organization to help customers fill out self-certification CARE applications. That organization can be paid up to \$12 for each new enrollment that is achieved through this method.

²⁰ See D.02-07-033, p. 39.

these average costs as a tool to measure whether or not their current processing, certification and verification methodologies are adequate or if other methods should be evaluated to reduce these costs.

The following table reflects the average CARE processing, certification and processing costs for each SMJU, based on the SMJU's proposed budgets and proposed number of additions to CARE enrollment:

Table 38

Utility Average Processing, Certification and Processing Per Newly Enrolled			
UTILITY	Average 2003 Outreach Costs	Average 2004 Outreach Costs	PY 2005 Estimated Outreach Costs
Alpine		\$12.50	\$25.00
Avista (*)	\$25.71	\$87.41	\$302.56
PacifiCorp (*)	\$9.19	\$11.08	\$7.59
Sierra (*)	\$101.47	\$55.39	\$120.30
BVES			
Southwest Gas	\$51.33	\$11.30	\$16.82
WCG	\$24.07	\$114.25	\$1000.00

(*) Use DCSD to outreach and certify new enrollment.

An additional tool is to look at the average costs of performing processing, certification and verification costs per each enrolled CARE customer. The following table shows the average proposed cost of processing, certification and verification of each enrolled CARE customer, based on the SMJU's proposed budgets and proposed number of additions to CARE enrollment:

Table 39

Utility Average Processing, Certification and Verification Costs Per Total Enrolled			
UTILITY	Average 2003 Outreach Costs	Average 2004 Outreach Costs	PY 2005 Estimated Outreach Costs
Alpine	\$2.17	\$1.92	\$3.33
Avista (*)	\$7.29	\$10.96	\$10.57
PacifiCorp (*)	\$2.89	\$2.72	\$2.00
Sierra (*)	\$6.78	\$7.56	\$7.31
SWG	\$0.96	\$0.87	\$1.17
WCG	\$16.25	\$10.16	\$22.73

(*) Use DCSD to outreach and certify new enrollment.

In looking at both sets of average costs, as proposed by the utilities, with the notable exception of the average costs for West Coast Gas, the highest average costs, for the most part, are for those utilities who choose to contract out their processing, certification and verification functions.

The following table reflects Energy Division's recommendation for the SMJU's processing, certification and verification budgets for PY 2005.

Table 40

PY 2005 CARE Processing/ Certification/ Verification Budget						
Utility Proposed				Energy Division Recommendations		
Utility	Processing/ Certification/ Verification Budget	12/31/05 Enrollment Target	2005 CARE Additions	Processing/ Certification/ Verification Budget	12/31/05 Enrollment Target	2005 CARE Additions
ALPINE	\$100	30	4	\$100	30	4
Avista (1)	\$11,800	1,116	39	\$12,300	1,180	103
PacifiCorp (1)	\$12,000	6,000	1,581	\$13,000	10,902	6,482
Sierra (1)	\$9,985	1,366	83	\$10,485	1,725	359
BVES	\$0	1,560	1	\$0	1,624	167
SWG	\$29,600	25,200	1,760	\$29,600	26,617	3,177
WCG	\$1,000	44	0	\$500	50	5
Total	\$64,485	35,316	3,468	65,985	42,128	10,301

CARE General Expenditures

The following table outlines actual and proposed general expenditures as reported by the utilities.

Table 41

CARE General Expenditures							
Utility	2003 Authorized Budget Per D.03-03-007	2003 Actual	2004 Authorized Budget Per D.03-03-007⁽¹⁾	2004 Utility Expected	2005 Utility Proposed Budget	Increase (Decrease) In 2005 Proposed Budget Over 2004 Expected	Increase (Decrease) In 2005 Proposed Budget Over 2004 Authorized
Alpine (1)	\$1,339	\$0	\$1,339	\$0	\$0	\$0	(\$1,339)
Avista	\$5,500	\$7,678	\$5,500	\$5,500	\$15,500	\$10,000	\$10,000
PC	\$2,500	\$6,622	\$2,500	\$8,000	\$8,000	\$0	\$5,500
Sierra	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BVES	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SWG	\$5,100	\$5,196	\$5,100	\$5,100	\$74,000	\$68,900	\$68,900
WCG	\$1,100	\$706	\$1,100	\$875	\$1,000	(\$100)	\$125
TOTAL	\$17,532	\$22,205	\$15,539	\$19,475	\$98,500	\$78,800	83,186

(1) Alpine estimates that it incurs approximately \$1,200 in indirect costs recovered in base rates.

As shown in the table above, Alpine, Sierra and Bear Valley do not request surcharge recovery for any General Expenses related to CARE. Therefore, Energy Division does not address General Expenses for these utilities, other than to note and Sierra and Bear Valley did not estimate the amount of General Expense that is incurred for the benefit of CARE but is recovered in base rates, as required.²¹

Energy Division does not expect any SMJU workshops this year. However, Energy Division recognizes there are increased reporting requirements this year for the SMJU that could cause a rise in the General Expense category and notes that all the utilities that are requesting surcharge recovery for this expense category propose an increase. The change in reporting requirements for CARE is not extensive. Essentially the filing date of when the information contained in the former CARE Annual Report was due is changed, along with the reporting period moving to a calendar year. A few summary tables were added, including expenditure information, summary outreach and enrollment data were added. Finally, a mid-year report is now required, due August 1 of each year. The increase in reporting requirements for LIEE is more substantial than those for CARE.

With the exception of the budget for Southwest Gas, the increases proposed are slight and therefore appear reasonable. Energy Division recommends the utilities' proposed budget for General Expenses be adopted for Avista, PacifiCorp and West Coast Gas.

In its application, and subsequent filings, Southwest Gas did not demonstrate that such a substantial increase, of almost 15 times the amount expended in each 2003 and 2004, in the General Expense category is warranted. In its data response to the Office or Ratepayer Advocates, Southwest Gas indicated that only \$25,000-\$34,000 of increased reporting costs would be incurred for *both* LIEE and CARE due to the change in reporting requirements.²² Therefore, Energy Division recommends that only \$17,600

²¹ See "Second Energy Division Workshop Report on the Review of Accounting and Reporting Requirements for the California Alternate Rates for Energy (CARE) and Low-Income Energy Efficiency (LIEE) Programs of the Small and Multi-jurisdictional Utilities," dated April 5, 2005, p.4, and the Scoping Memo of Assigned Commissioner and Administrative Law Judge, dated June 24, 2004, in R.04-01-006, p.6.

²² See the Reply to the Response by Southwest Gas Corporation to the Response of the Office of Ratepayer Advocate to the Application of Southwest Gas Corporation for the Approval of Program Year 2005 Low-Income Assistance Budgets, dated August 20, 2004.

be approved as a budget for CARE General Expenses for 2005 for Southwest Gas. This assumes that half of what Southwest Gas estimated the increase in reporting requirements would cost would be attributable to CARE and that amount is added to the general expense Southwest Gas incurred in 2004.

A brief description of the General Expenses for each utility follows.

Avista General Expenses

Avista charges such expenditures as travel for attending Commission mandated workshops to the General Expense category.²³ In addition, Avista also charges the preparation of annual reports, tariff modifications, CARE meetings and misc. to its General Expense category.²⁴

PacifiCorp General Expenses

PacifiCorp reports that its general CARE administrative expenditures are broken down into categories such as travel, meals, training, promotion, consulting services and labor directly charged to CARE.²⁵

Southwest Gas General Expenses

In its General Expense category, Southwest Gas includes: the filing, logging and reporting of: applications received; applications returned for insufficient information; research and review of CARE computer reports; checks for duplicate applications; and updates to master-meter accounts for the number of qualifying tenants. Southwest Gas also includes costs related to annual program reporting and regulatory compliance.²⁶

West Coast Gas General Expenses

Energy Division is unable to find where West Coast Gas has submitted what expenditures it charges to the General Expense category.

²³ See "Second Energy Division Workshop Report on the Review of Accounting and Reporting Requirements for the California Alternate Rates for Energy (CARE) and Low-Income Energy Efficiency (LIEE) Programs of the Small and Multi-jurisdictional Utilities," dated April 5, 2005, p.11.

²⁴ See CARE Annual Report, dated July 30, 2003, p. 4.

²⁵ See "Second Energy Division Workshop Report on the Review of Accounting and Reporting Requirements for the California Alternate Rates for Energy (CARE) and Low-Income Energy Efficiency (LIEE) Programs of the Small and Multi-jurisdictional Utilities," dated April 5, 2005, p.16.

²⁶ See 2004 Annual CARE Progress Report, p.12, submitted by Southwest Gas on July 30, 2004.

Comparison of CARE General Expense Proposals and Recommendations

The following table reflects proposed general expenditures as reported by the utilities, and compares them to Energy Division's recommendations for the SMJU' general budgets for PY 2005.

Table 42

PY 2005 CARE General Budget						
Utility Proposed				Energy Division Recommendations		
Utility	CARE General Budget	12/31/05 Enrollment Target	2005 CARE Additions	CARE General Budget	12/31/05 Enrollment Target	2005 CARE Additions
Avista	\$15,500	1,116	39	\$15,500	1,180	103
PacifiCorp	\$8,000	6,000	1,581	\$8,000	10,902	6,482
SWG	\$74,000	25,200	1,760	\$17,600	26,617	3,177
WCG	\$1,000	44	0	\$1,000	50	5
Total	\$98,500	32,360	3,380	\$42,100	38,749	9,767

(1) Alpine, Sierra, and Bear Valley do not request surcharge recovery for general expenses related to the deployment of CARE.

Care Subsidy

CARE is needs based and the utilities are allowed to recover 100% of the discount or subsidy provided to the CARE participants. While it is difficult to estimate the subsidy because the actual cost will depend on how many customers participate in CARE and their energy usage, the subsidy is estimated each year for comparison with administrative budgets and for developing the surcharge. The following table shows the subsidy incurred in 2003 and estimated by the utilities for 2004 and 2005. Energy Division does not dispute the utilities' estimates.

Table 43

Discount Provided to CARE Customers			
Utility	2003 Subsidy	2004 Estimated Subsidy	2005 Estimated Subsidy
Alpine	\$2,320	\$3,442	\$4,290
Avista	\$112,580	(1)	\$185,101
PacifiCorp	\$466,927	(1)	\$715,046
Sierra	\$129,274	\$205,496	\$225,935
BVES	\$103,093	\$148,965	\$154,000
SWG	\$1,555,000	\$3,332,600	\$3,756,690
WCG	\$1,683	\$4,298	\$6,000
Total	\$2,370,877	\$3,694,801	\$5,047,062

(1) Energy Division could not locate estimates for this year for Avista or PacifiCorp.

Summary of CARE Program Budget Proposals and Recommendations

The following table shows the utility proposed budgets for all cost components of the CARE program.

Table 44

Summary of Utility Budget Proposals					
Utility	Outreach	Processing	General	Subsidy	Total
Alpine	\$100	\$100	\$0	\$4,290	\$4,490
Avista	\$18,800	\$11,800	\$15,500	\$185,101	\$231,201
PacifiCorp	\$42,000	\$12,000	\$8,000	\$715,046	\$777,046
Sierra	\$10,593	\$9,985	\$0	\$225,935	\$246,513
BVES	\$1,000	\$0	\$0	\$154,000	\$155,000
SWG	\$77,600	\$29,600	\$74,000	\$3,756,690	\$3,937,890
WCG	\$500	\$1,000	\$1,000	\$6,000	\$8,500
Total	\$151,093	\$64,485	\$98,500	\$5,047,062	\$5,361,140

The next table shows Energy Division's recommendations for each of the expense categories.

Table 45

Summary of Energy Division Budget Recommendations					
Utility	Outreach	Processing	General	Subsidy	Total
Alpine	\$150	\$100	\$0	\$4,290	\$4,540
Avista	\$18,800	\$12,300	\$15,500	\$185,101	\$231,701
PacifiCorp	\$42,000	\$13,000	\$8,000	\$715,046	\$778,046
Sierra	\$14,000	\$10,485	\$0	\$225,935	\$250,420
BVES	\$3,000	\$0	\$0	\$154,000	\$157,000
SWG	\$77,600	\$29,600	\$17,600	\$3,756,690	\$3,881,490
WCG	\$500	\$500	\$1,000	\$6,000	\$8,000
Total	\$156,050	\$65,985	\$42,100	\$5,047,062	\$5,311,197

LIEE PROGRAM

This section discusses the SMJU' proposals and Energy Division's recommendations for PY 2005 LIEE targets and administrative and program budgets.

The utilities were recently ordered to implement one-way balancing accounts for their LIEE programs. When ordering the utilities to establish the one-way balancing accounts, the Commission clarified, that as with the large utilities, under-expenditures (amounts less than the authorized budgets) in any given year are carried over to

augment the next year's LIEE program budget. However, any expenditures over the authorized budgets are shareholder's responsibility.²⁷

The utilities are to ensure that all feasible measures that the program offers under LIEE are installed in each participant's home. This ensures that the participants in the program are receive a comprehensive treatment during one process, eliminating multiple times that installation crews are in their homes and preventing low-income families from missing work due to multiple appointments. This requirement also ensures that each participant acquires the maximum energy and bill savings from the program. By installing all feasible measures for each participant, it reduces overhead and administrative costs because all measures are installed in one visit rather than in repeated visits. In recognition that the selection of LIEE measures and services in the field can not be accurately predicted and reflected in the measure budget categories, utilities have been given fund shifting authority within the program categories of "Weatherization," "Energy Efficiency Measures" and Energy Efficiency Education."

The large utilities require that all LIEE participants are enrolled into CARE, if they aren't not already on the CARE rate. Any utilities that have not implemented this policy should be required to do so.

In R.0401-006, a measure assessment is underway and is being conducted by the four large energy utilities. Any measures added to the large utilities' programs should also be added to the SMJU programs. By the same token, any measures that are discontinued for the large energy utilities should also be discontinued for the SMJU.

Alpine

The Commission, in Decision 03-03-007, authorized Alpine to conduct its LIEE program through referrals as part of Pacific Gas and Electric Company's (PG&E) LIEE program, through PG&E's administrative contractor, Richard Heath and Associates (RHA). Consistent with that authority, on December 31, 2003, Alpine entered into an agreement RHA to provide energy efficiency services for Alpine.

This arrangement occurred as a result of a number of dedicated people from Alpine, Energy Division, RHA and PG&E all working together to iron out what sometimes

²⁷ See D.03-03-007, p. 40 and OP 11.

seemed insurmountable details. Energy Division recommends that these efforts be recognized and praised.

RHA developed and implemented a leveraged weatherization program offering education, gas appliance safety testing, weatherization measures, minor home repair and furnace repair & replacement to eligible customers under Alpine's program. As part of the program with Alpine, RHA also provided pre-weatherization assessments, installation of weatherization measures, and post-weatherization inspections. In Alpine's and PG&E's overlapping territory, RHA also provides electric measures on PG&E's behalf, so that the integration of the two utilities LIEE programs reduces program costs and increases weatherization program efficiency.

Although Alpine's 23 low-income CARE customers were forwarded to RHA, in 2004, as LIEE eligible, nine (9) customers either did not qualify or refused participation in Alpine's LIEE program. The following table displays the results of LIEE outreach to the 23 CARE customers.

Table 46

Outreach Result	# of Customers
Successfully Treated	14
Customer Refusal of Program	2
Income Disqualification	2
Home Vacant	1
Customer Unreachable	3
Customer Refusal of Gas Measures	1
Total	23

According to Alpine, the methodology used for outreach included contacting customers first by sending a letter explaining the program, then follow-up occurred with a minimum of eight telephone calls at various times during the week, and the final attempt was a 'cold call' visit to the customer's home. Alpine's efforts in contacting their 'unreachable' low-income customers are exemplary.

Alpine states that developmental costs for LIEE were incurred during the long process to have the programs approved and implemented, as well as costs incurred for legal expenses. Alpine indicated that legal expenses are restricted (capped) to provide the utility with some protection from unbudgeted expenses while it assures that Alpine is current with legislative and Commission changes that affect LIEE.

Avista

Avista reports it contracts with Project Go to implement its LIEE program, and with Sierra Pacific to provide electric energy efficiency measures to its customers. Avista reports that construction and growth restrictions in the South Lake Tahoe area and the City of South Lake Tahoe's housing rehabilitation program is causing it to reach a set point for LIEE services.

Avista does not propose any changes to its current authorized budget for LIEE and indicates that it expects to treat and weatherize approximately the same number of homes as it has in the past. Avista's LIEE program generally runs from August through November and is paused during winter months due to winter conditions.

PacifiCorp

PacifiCorp states that since the establishment of its LIEE program in 1986, it has weatherized over 1,750 homes. PacifiCorp reports it works with local non-profit organizations including the Del Norte County Senior Center in Crescent City, and the Great Northern Corporation in Weed to implement its LIEE program. PacifiCorp reimburses these agencies 50% of the cost of services, with an additional 15% to cover agency administrative expenses. PacifiCorp believes this method has been the most efficient in increasing enrollment.

PacifiCorp provides its qualified low-income residential electric customers with measures that include insulation and replacement windows (for dwellings with electric heating systems), showerheads for those with electric water heat, energy efficient refrigerators, and compact fluorescent lamps (CFL). PacifiCorp states that outreach activities remain challenging due to the rural and diverse nature of its service territory. PacifiCorp estimates that 40% of the eligible homes in its service area have been weatherized through their LIEE program.

Pursuant to both D.03-03-007 and D.03-12-016, PacifiCorp was to establish an energy efficiency education program.²⁸ In 2003, \$9,891 was set aside for this purpose and \$1,000 in 2004 as well. In addition, some or all of the carryover resulting from under-expenditures from prior years was also to be applied.

²⁸ See D.03-12-016, p. 18 and OP 5.

On February 2, 2004, PacifiCorp submitted a letter to the Commission indicating that the non-profit agencies that deploy its LIEE program provide LIEE participants one-on-one energy education. PacifiCorp notes that these agencies are not reimbursed separately for these services. Finally, PacifiCorp points out that it provides its Bright Ideas energy information booklets to the agencies to distribute to participants as well. Energy Division recommends that the Commission find that PacifiCorp is meeting the requirement to provide energy efficiency education to its LIEE participants.

Sierra

Sierra Pacific began contracting with Richard Heath and Associates (RHA) in 2004 to provide program services such as outreach and assessment, scheduling, installation, education and reporting of program results. Sierra Pacific anticipates it will contract with RHA for PY 2005. Sierra states it targets high density, low-income areas that also include low-income senior citizens complexes.

Among other measures, Sierra's LIEE customers currently receive weatherization services, if home is electrically heated, refrigerators, energy efficient lighting fixtures, CFL, evaporative cooler installation and wall/window air conditioning. Sierra Pacific provides and funds electric measures to its customers, while Avista and Southwest Gas offer gas measures.

Sierra Pacific's Heat Pump Program

Part of Sierra's allocation of SB5 funds was targeted for a geothermal exchange program pilot program. Pursuant to D.03-03-007, Sierra is to provide a specific cost breakdown within the measures category of the program and collect relevant information for the Commission's review of the pilot. Energy Division has reviewed expenditure information for this project, but has not reviewed any other information about this pilot.

Energy Division recommends that Sierra be required to submit a report to the Commission on the results of its pilot. The report should include, but not be limited to, energy and bill savings from the measure, along with a cost-benefit analysis, considering non-energy benefits, such as the comfort and safety of the home that received this measure. The report should also include recommendations on whether or not this measure should be considered for inclusion in the LIEE program.

Bear Valley

Up until 2002, Bear Valley did not have a LIEE program. Bear Valley provides LIEE customers with refrigerators, CFL, interior light fixtures, electric water heater insulation and pipe wrap, low-flow showerheads, and faucet aerators for homes with electric water heating, and insulation, weatherstripping, caulking and minor envelope repair for electrically heated homes.

Bear Valley indicates that it conducts the majority of its LIEE activity in the Summer/Fall months. Bear Valley intends to leverage with the Community Action Partnership of San Bernardino, who deploy LIHEAP in Bear Valley's area and RHA who are contracted to identify eligible customers, assess their LIEE energy efficiency needs, and install LIEE measures. In coordination with Southwest Gas, the natural gas provider within Bear Valley's service territory, Bear Valley assists in providing a comprehensive program to eligible customers.

SW Gas

Southwest Gas reports it plans to continue its contract with RHA and the Community Action Partnership of San Bernardino (formerly known as the San Bernardino County - Community Services Department) in 2005 to provide program services to customers. These services include outreach and assessment, scheduling, installation of efficiency measures, education and the reporting of program results.

Southwest Gas also works with electric utilities, whose service territories overlap with Southwest Gas, to implement its low-income programs. These utilities include Sierra in the northern California region and Bear Valley and Southern California Edison Company in Southern California.

West Coast

Pursuant to D.03-12-016, OP 7, West Coast Gas was directed to include updated information on all the residential housing stock and associated gas appliances within its service territory and whether it continues to meet Title 20 and Title 24 energy efficiency requirements. West Coast Gas currently does not have a LIEE program and states that the residential housing stock is new and all homes and major gas consuming appliances

meet current California energy efficiency standards. Further, West Coast Gas points out, that in 2003, 80% of its customers consumed gas at the Baseline rate level.

West Coast Gas asserts that all natural gas LIEE efforts beyond energy efficiency information materials would not be cost-effective at this time. West Coast Gas requests that no funds be budgeted for LIEE. West Coast Gas indicates that it will refer any CARE customer requesting LIEE services to a local Sacramento County Agency. In D.03-03-007, the Commission ordered West Coast Gas to establish this referral program.

Energy Division agrees with West Coast Gas that all natural gas LIEE efforts, beyond energy efficiency information materials, would not be cost effective at this time.. Due to the unique situation of West Coast Gas, Energy Division recommends that the utility continue to keep the Commission apprised of their housing stock and the residential gas appliances in their area through their annual reports and any applications regarding the low-income programs. In addition, Energy Division recommends that West Coast Gas continue to refer CARE customers to a local County Agency for energy efficiency information and programs.

LIEE Goals

In D.03-03-007, the Commission defines “treated homes” as residences that receive LIEE measures or energy education services, and the subset of those treated homes that receive weatherization measures as “weatherized homes.” Not all homes in the LIEE program are weatherized because it may not be feasible to install weatherized measures, or certain homes may already be weatherized. The following table shows the number of homes treated (T) and weatherized (W) annually as reported by the SMJU, as well as those proposed by the utilities for PY 2005.

Table 47

LIEE Treated (T) and Weatherized (W) Homes										
Utility	2003 Authorized In D.03-12-016		2003 Actual		2004 Authorized In D.03-12-016		2004 Utility Projected		2005 Utility Proposed	
	T	W			T	W			T	W
Alpine	N/A	N/A	N/A	N/A	20	20	14	14	16	16
Avista	80	80	83	83	80	80	80	80	90	90
PC	50	198	92	92	98	98	70	70	70	70
Sierra	N/A	175	160	151	250	145	119	28	119	28
BVES	580	N/P	N/A	N/A	410	82	80	0	85	17
SWG	1,242	852	760	516	586	415	586	415	550	400
Totals	1952	1305	1,485	1,015	1,444	840	1,439	835	1,061	731

Sierra expresses concern that will be unable to reach its 2004 LIEE goals established in D.03-12-016 due to changes in the low income qualifications, the SBX1 5 funds reversion, difficulty in conducting targeted outreach and mandated policy and procedure changes. Sierra states it will meet with RHA throughout August and September to discuss 2004 and 2005 program expectations. Sierra requests it be allowed to submit 2004 and 2005 goals after convening with RHA.

Based on the goals proposed by the utilities, it appears that the utilities are intending to stay-the-course. That is they intend to treat and weatherize the approximate number of homes in PY 2005 as they did in 2004, although not at the same level as when they had SB5 funds. For the large energy utilities, the Commission ordered that program expenditures and goals should continue at the level when SB5 funds were available. However, due to their limited resources and in some case a limited number of customers, Energy Division recommends that, unlike the large utilities, the SMJU's proposed goals for LIEE be adopted as proposed.

LIEE Budgets and Expenditures

In D.03-12-016, the Commission recognized that there was a possibility that unspent SB 5 funds might be reverted to the General Fund. In the event the funds were rescinded, the Commission authorized the SMJU to file emergency applications to modify the adopted program targets and budgets, rise rates, or a combination of both, in order to continue their LIEE programs at a reasonable level of effort to serve their low-

income customers in PY 2004. As mentioned earlier in this report, the SB 5 funds were rescinded.

None of the SMJU filed emergency applications to modify their adopted program targets and budgets, rise rates, or a combination of both, in order to continue their LIEE programs at a reasonable level. Consequently, most of the SMJU have excessive levels of carryovers of under-expenditures. Energy Division recommends that these balances be amortized over the ensuing years.

While some of these utilities have limited resources, Energy Division nevertheless recommends that the Commission admonish these utilities for not filing their applications and allowing this situation to occur.

The tables on the following pages show the SMJU authorized LIEE budgets and carryover under-expenditures for PY 2003 and PY 2004. These tables do not reflect any carryovers from years prior to 2003..

Table 48
Comparison of LIEE Programs Across Years

Comparison of LIEE Programs Across Years										
	2003 Authorized		2003 Spent			2004 Authorized		2004 Spent		Total Unspent Funds
	Ratepayer Portion	SB 5 Portion	Ratepayer Portion	SB 5 Portion	2003 Unspent Funds	Ratepayer Portion	SB 5 Portion	Estimated Spent	Estimated Unspent	
Alpine										
Outreach	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$396	(\$396)	(\$396)
Inspections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,970	(\$1,970)	(\$1,970)
General	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,649	(\$13,649)	(\$13,649)
Subtotal Admin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,015	(\$16,015)	(\$16,015)
Weatherization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,163	(\$4,163)	(\$4,163)
Measures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,102	(\$4,102)	(\$4,102)
Energy Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,370	(\$1,370)	(\$1,370)
Subtotal Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,635	(\$9,635)	(\$9,635)
Total Program	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$25,650	(\$650)	(\$650)
Avista										
Outreach	\$0	\$0	\$1,295	\$0	(\$1,295)	\$2,000	\$0	\$4,595	(\$2,595)	\$7,190
Inspections	\$0	\$0	\$1,723	\$0	(\$1,723)	\$1,500	\$1,500	\$2,483	\$517	\$3,466
General	\$0	\$0	\$5,083	\$5,012	(\$10,095)	\$5,708	\$12,819	\$14,454	\$4,073	\$23,200
Subtotal Admin	\$0	\$0	\$8,101	\$5,012	(\$13,113)	\$9,208	\$14,319	\$21,532	\$1,995	\$33,856
Weatherization	\$0	\$116,000	\$75,234	\$50,827	(\$10,061)	\$29,266	\$0	\$59,097	(\$29,831)	\$88,928
Measures	\$80,340	\$0	\$0	\$98,012	(\$17,672)	\$38,706	\$84,481	\$0	\$123,187	(\$38,706)
Energy Education	\$1,640	\$0	\$1,295	\$0	\$345	\$4,800	\$0	\$4,694	\$106	\$4,588
Subtotal Program	\$81,980	\$116,000	\$76,529	\$148,839	(\$27,388)	\$72,772	\$84,481	\$63,791	\$93,462	\$54,810
Total Program	\$81,980	\$116,000	\$84,630	\$153,851	(\$40,501)	\$81,980	\$98,800	\$85,323	\$95,457	\$54,956

	2003 Authorized		2003 Spent			2004 Authorized		2004 Spent		Total Unspent Funds
	Ratepayer Portion	SB 5 Portion	Ratepayer Portion	SB 5 Portion	2003 Unspent Funds	Ratepayer Portion	SB 5 Portion	Estimated Spent	Estimated Unspent	
Bear Valley										
Outreach	\$0	\$0	\$0	\$3,448	(\$3,448)	\$0	\$2,500	\$0	\$2,500	(\$948)
Inspections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General	\$0	\$0	\$0	\$46,359	(\$46,359)	\$0	\$5,397	\$51,000	(\$45,603)	(\$91,962)
Subtotal Admin	\$0	\$0	\$0	\$49,807	(\$49,807)	\$0	\$7,897	\$51,000	(\$43,103)	(\$92,910)
Weatherization	\$0	\$1,813	\$0	\$55,056	(\$53,243)	\$0	\$4,797	\$4,000	\$797	(\$52,446)
Measures	\$0	\$390,779	\$0	\$172,805	\$217,974	\$0	\$346,788	\$20,000	\$326,788	\$544,762
Energy Education	\$0	\$17,400	\$0	\$7,028	\$10,372	\$0	\$12,300	\$2,240	\$10,060	\$20,432
Subtotal Program	\$0	\$409,992	\$0	\$234,889	\$175,103	\$0	\$363,885	\$26,240	\$337,645	\$512,748
Total Program	\$0	\$409,992	\$0	\$284,696	\$125,296	\$0	\$371,782	\$77,240	\$294,542	\$419,838
PacifiCorp										
Outreach	\$0	\$0	\$0	\$0	\$0	\$185	\$500	\$0	\$685	\$685
Inspections	\$0	\$0	\$6,751	\$0	(\$6,751)	\$4,000	\$4,000	\$4,000	\$4,000	(\$2,751)
General	\$0	\$0	\$22,720	\$15,563	(\$38,283)	\$26,603	\$6,347	\$23,000	\$9,950	(\$28,333)
Subtotal Admin	\$0	\$0	\$29,471	\$15,563	(\$45,034)	\$30,788	\$10,847	\$27,000	\$14,635	(\$30,399)
Weatherization	\$79,550	\$109,450	\$0	\$72,997	\$116,003	\$13,500	\$11,000	\$90,000	(\$65,500)	\$50,503
Measures	\$18,891	\$12,000	\$0	\$0	\$30,891	\$66,897	\$67,103	\$0	\$134,000	\$164,891
Energy Education	\$9,891	\$0	\$0	\$0	\$9,891	\$0	\$1,000	\$0	\$1,000	\$10,891
Subtotal Program	\$108,332	\$121,450	\$0	\$72,997	\$156,785	\$80,397	\$79,103	\$90,000	\$69,500	\$226,285
Total Program	\$108,332	\$121,450	\$29,471	\$88,560	\$111,751	\$111,185	\$89,950	\$117,000	\$84,135	\$195,886

	2003 Authorized		2003 Spent			2004 Authorized		2004 Spent		Total Unspent Funds
	Ratepayer Portion	SB 5 Portion	Ratepayer Portion	SB 5 Portion	2003 Unspent Funds	Ratepayer Portion	SB 5 Portion	Estimated Spent	Estimated Unspent	
Sierra										
Outreach	\$0	\$0	\$5,910	\$5,497	(\$11,407)	\$12,500	\$12,500	\$6,000	\$19,000	\$7,593
Inspections	\$0	\$0	\$406	\$0	(\$406)	\$0	\$3,000	\$3,000	\$0	(\$406)
General	\$0	\$0	\$341	\$3,725	(\$4,066)	\$0	\$0	\$13,997	(\$13,997)	(\$18,063)
Subtotal Admin	\$0	\$0	\$6,657	\$9,222	(\$15,879)	\$12,500	\$15,500	\$22,997	\$5,003	(\$10,876)
Geothermal				\$288,238	(\$288,238)			\$203,127	(\$203,127)	(\$491,365)
Weatherization	\$0	\$0	\$64,131	\$111,373	(\$175,504)	\$58,750	\$44,833	\$90,000	\$13,583	(\$161,921)
Measures	\$0	\$0	\$0	\$0	\$0	\$0	\$94,834	\$0	\$94,834	\$94,834
Energy Education	\$0	\$0	\$12,869	\$0	(\$12,869)	\$28,750	\$44,833	\$4,000	\$69,583	\$56,714
Subtotal Program	\$100,000	\$0	\$77,000	\$399,611	(\$376,611)	\$87,500	\$184,500	\$297,127	(\$25,127)	(\$401,738)
Total Program	\$100,000	\$1,056,572	\$83,657	\$408,833	\$664,082	\$100,000	\$200,000	\$320,124	(\$20,124)	\$643,958
Southwest Gas										
Outreach	\$0	\$0	\$0	\$27,634	(\$27,634)	\$20,000	\$0	\$20,000	\$0	(\$27,634)
Inspections	\$0	\$0	\$5,584	\$26,456	(\$32,040)	\$15,000	\$0	\$15,000	\$0	(\$32,040)
General	\$0	\$0	\$6,486	\$35,644	(\$42,130)	\$201,200	\$0	\$213,362	(\$12,162)	(\$54,292)
Subtotal Admin	\$0	\$0	\$12,070	\$89,734	(\$101,804)	\$236,200	\$0	\$248,362	(\$12,162)	(\$113,966)
Weatherization	\$460,000	\$641,554	\$390,002	\$500,709	\$210,843	\$319,360	\$0	\$374,200	(\$54,840)	\$156,003
Measures	\$0	\$962,666	\$0	\$797,532	\$165,134	\$341,160	\$0	\$341,160	\$0	\$165,134
Energy Education	\$40,000	\$0	\$34,810	\$0	\$5,190	\$39,840	\$0	\$38,000	\$1,840	\$7,030
Subtotal Program	\$500,000	\$1,604,220	\$424,812	\$1,298,241	\$381,167	\$700,360	\$0	\$753,360	(\$53,000)	\$328,167
Total Program	\$500,000	\$1,604,220	\$436,882	\$1,387,975	\$279,363	\$936,560	\$0	\$1,001,722	(\$65,162)	\$214,201

Grand Total	\$790,312	\$3,308,234	\$634,640	\$2,323,915	\$1,139,991	\$1,229,725	\$785,532	\$1,627,059	\$388,198	\$1,528,189
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PY 2005 LIEE Budget Proposals and Recommendations

The following table presents the utilities' budget proposals compared with estimated in expenditures in 2004 and PY 2004 Authorized.

Table 49

Comparison of PY 2005 Utility Proposed with PY 2004			
	2005 Utility Proposed	Increase (Decrease) in 2005 Proposed Over 2004 Spent	Increase (Decrease) in 2005 Proposed Over 2004 Authorized
Alpine			
Outreach	\$500	\$104	\$500
Inspections	\$2,500	\$530	\$2,500
General	\$10,903	(\$2,746)	\$10,903
Subtotal Admin	\$13,903	(\$2,112)	\$13,903
Weatherization	\$5,000	\$837	\$5,000
Measures	\$5,000	\$898	\$5,000
Energy Education	\$3,000	\$1,630	\$3,000
Subtotal Program	\$13,000	\$3,365	\$13,000
Total Program	\$26,903	\$1,253	\$1,903
Avista			
Outreach	\$2,000	(\$2,595)	\$0
Inspections	\$1,500	(\$983)	(\$1,500)
General	\$5,708	(\$8,746)	(\$12,819)
Subtotal Admin	\$9,208	(\$12,324)	(\$14,319)
Weatherization	\$67,972	\$8,875	\$38,706
Measures	\$0	\$0	(\$123,187)
Energy Education	\$4,800	\$106	\$0
Subtotal Program	\$72,772	\$8,981	(\$84,481)
Total Program	\$81,980	(\$3,343)	(\$98,800)
Bear Valley			
Outreach	\$2,500	\$2,500	\$0
Inspections	\$1,500	\$1,500	\$1,500
General	\$12,250	(\$38,750)	\$6,853
Subtotal Admin	\$16,250	(\$34,750)	\$8,353
Weatherization	\$825	(\$3,175)	(\$3,972)
Measures	\$63,000	\$43,000	(\$283,788)
Energy Education	\$2,750	\$510	(\$9,550)
Subtotal Program	\$66,575	\$40,335	(\$297,310)
Total Program	\$82,825	\$5,585	(\$288,957)

	2005 Utility Proposed	Increase (Decrease) in 2005 Proposed Over 2004 Spent	Increase (Decrease) in 2005 Proposed Over 2004 Authorized
Outreach	\$0	\$0	(\$685)
Inspections	\$4,000	\$0	(\$4,000)
General	\$23,000	\$0	(\$9,950)
Subtotal Admin	\$27,000	\$0	(\$14,635)
Weatherization	\$90,000	\$0	\$65,500
Measures	\$0	\$0	(\$134,000)
Energy Education	\$0	\$0	(\$1,000)
Subtotal Program	\$90,000	\$0	(\$69,500)
Total Program	\$117,000	\$0	(\$84,135)
Sierra			
Outreach	\$2,000	(\$4,000)	(\$23,000)
Inspections	\$1,000	(\$2,000)	(\$2,000)
General	\$20,000	\$6,003	\$20,000
Subtotal Admin	\$23,000	\$3	(\$5,000)
Weatherization	\$73,000	(\$17,000)	(\$30,583)
Measures	\$0	\$0	(\$94,834)
Energy Education	\$4,000	\$0	(\$69,583)
Subtotal Program	\$77,000	(\$220,127)	(\$195,000)
Total Program	\$100,000	(\$220,124)	(\$200,000)
Southwest Gas			
Outreach	\$20,000	\$0	\$0
Inspections	\$30,000	\$15,000	\$15,000
General	\$168,000	(\$45,362)	(\$33,200)
Subtotal Admin	\$218,000	(\$30,362)	(\$18,200)
Weatherization	\$465,000	\$90,800	\$145,640
Measures	\$145,000	(\$196,160)	(\$196,160)
Energy Education	\$32,000	(\$6,000)	(\$7,840)
Subtotal Program	\$642,000	(\$111,360)	(\$58,360)
Total Program	\$860,000	(\$141,722)	(\$76,560)

Energy Division recommends that with the finding of the reasonableness of the utilities' targets, that the utilities' PY 2005 proposed budgets be adopted. Depending on the amortization of the carryovers, the authorized levels may need some adjusting.

REASONABLENESS REVIEW AND AUDIT

Energy Division recommends that the CARE and LIEE budgets recommended herein be subject to reasonableness review and audit.

ACCOUNTING AND REPORTING REQUIREMENTS

Pursuant to D.03-03-007, Ordering Paragraph 13, the SMJU were ordered to attend a workshop to discuss accounting and reporting issues related to CARE and LIEE. Energy Division facilitated the workshop at the Commission's Headquarters on June 23, 2003 and submitted its workshop report on October 27, 2003. After reviewing the workshop report, the Commission, in an Assigned Commissioner's Ruling (ACR), dated December 3, 2003, under Rulemaking 01-08-027, deemed that further discussions on accounting and reporting standards with the SMJU were necessary and ordered that a second workshop be conducted.

The subsequent workshop was split into two meetings, held on February 23 and March 5, 2004. On April 5, 2004, Energy Division submitted its second workshop.²⁹ This second report includes Energy Division's recommendations on accounting and reporting requirements for the SMJU's CARE and LIEE programs. The recommendations set forth in the second report supercede those expressed in the Energy Division's October 27, 2003rd workshop report, and were based on additional information provided by the SMJU at the workshop meetings. Comments on Energy Division's second report were due April 19, 2004, with replies due on April 26, 2004.

In the December 3, 2003rd ACR, Assigned Commissioner Wood clarified that the SMJU are to proceed under then current reporting and accounting requirements adopted by the Commission, until the Commission could consider Energy Division's recommendations in its second workshop report.

In the Scoping Memo of Assigned Commissioner and Administrative Law Judge (Scoping Memo), issued on June 24, 2004, in R.04-01-066, the Assigned Commissioner and Administrative Law Judge indicated that Energy Division's recommendations contained in Energy Division's August 5th report were

²⁹ Energy Division's second report was entitled "Final Energy Division Workshop Report On The Review Of Accounting And Reporting Requirements For The California Alternate Rate For Energy (CARE) And Low-Income Energy Efficiency (LIEE) Programs Of The Small And Multi-Jurisdictional Utilities (SMJU)."

approved and the SMJU shall begin providing the information required by that report beginning on August 1, 2004.³⁰

In its 2004 Annual CARE Report, submitted on July 30, 2004, Southwest Gas indicated that the Scoping Memo did not contain any express language to change the ordering paragraphs of D.09-07-062, D.94-12-049 and D.95-10-047. Those decisions require the SMJU to submit an Annual CARE Progress Report, with a prescribed format, on August 1 of each year.

Energy Division does note in Energy Division's April 5th report, on page 4, that in lieu of the August 1st reports required pursuant to D.09-07-062, D.94-12-049 and D.95-10-047, the SMJU should provide an annual CARE/LIEE report on May 1 of each year on the previous calendar year, using the exact format described in Energy Division's report.³¹ In addition, Energy Division recommended that the SMJU also submit a mid-year status report every August 1st, that shows program accomplishments achieved from January through June of the current year and would be pursuant to the format specified in Energy Division's April 5th report.³²

Finally, to implement the new reports without a gap in reporting, Energy Division requested that the SMJU file a report on August 1, 2004 covering the period May 1 through December 31, 2003, with the next report providing information for the program period January 1 through December 31, 2004.

Energy Division recommends that the Commission clarify that, in lieu providing the CARE Annual Reports submitted pursuant to D.09-07-062, D.94-12-049 and D.95-10-047, that the SMJU submit all the reports recommended in Energy Division's April 5th report and for those reports the SMJU shall use the format and tables attached to Energy Division's April 5th report.

³⁰ See page 6 of the Scoping Memo.

³¹ See page 4, item number 5, of Energy Division's April 5, 2005 report.

Energy Division notes that many of the SMJU are delinquent in submitting currently required reports. Energy Division notes that on July 30, 2004, Southwest Gas submitted a CARE Annual Report with the reporting periods May 1, 2003 through April 30.

On July 30, 2004, the following utilities submitted the Annual Report on CARE and LIEE Program Status for the report period May 1, 2003 through December 31, 2003. Energy Division notes whether the reports were complete or incomplete: Avista (incomplete); PacifiCorp (complete); Sierra (incomplete); Southwest Gas (complete) and West Coast Gas (incomplete). On October 29, 2004, Bear Valley submitted a report on CARE only (Bear Valley did not have a LIEE program in 2003) (incomplete).

Energy Division believes there may have been some confusion regarding the reporting requirements. Energy Division recommends that the utilities who submitted incomplete reports or didn't submit a report be required to refile with the missing components so the Commission will have a complete record on 2003. In addition, Energy Division recommends that the Commission not tolerate any inconsistencies or incomplete reports this year.

Energy Division notes that the Annual Report on CARE and LIEE Program Status Report on PY 2004 is due May 1, 2004 and will be submitted shortly. Information in those reports should supercede the estimated information contained in this report.

³² See page 5, item number 6 of Energy Division's April 5, 2005 report.

ATTACHMENT A

LIST OF ACRONYMNS AND DEFINITIONS

A.	Application
ALJ	Administrative Law Judge
Alpine	Alpine Natural Gas Company Operating Company No.1 LLC
Avista	Avista Corporation doing business as Avista Utilities
Bear Valley or BVEC	Bear Valley Electric Service
CARE	California Alternate Rates for Energy Program
CARES	Avista's low-income assistance program in other states
D.	Decision
DCSD	Department of Community Services and Development
LIEE	Low Income Energy Efficiency Program
PC	PacifiCorp
PG&E	Pacific Gas and Electric Company
PY	Program Year
R.	Rulemaking
RHA	Richard Heath and Associates
SB 5	Senate Bill 5 from the 1 st Extraordinary Session of 2001
Sierra	Sierra Pacific Power Company
SMJU	Small and multi-jurisdictional utilities
Southwest Gas or SWC	Southwest Gas Corporation
T	Treated
W	Weatherized
West Coast Gas or WCG	West Coast Gas Company, Inc.

(END OF APPENDIX A)